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Eric Frey

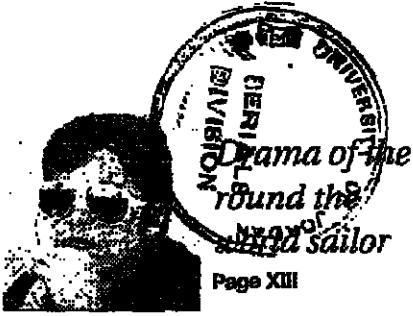
Weekend FT
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FINANCIAL TIMES

Europe's Business Newspaper WEEKEND APRIL 10/APRIL 11 1993 B8523A

Iraqis fire on US warplanes in no-fly zone

Four US warplanes were attacked by ground artillery while patrolling the no-fly zone in northern Iraq. The US administration said the aircraft responded to the fire by dropping four cluster bombs before returning safely to their base. Iraq said a soldier was wounded when an aircraft dropped cluster bombs on a military position guarding a dam.

Japan threatens pull-out: Japan has warned it could withdraw from Cambodia if attacks on United Nations personnel increase. This followed the killing of a Japanese volunteer working for the UN. Page 24; Blood stains peace, Page 4

Italy to extend privatisation: The Italian government announced plans to accelerate its privatisation programme with the sale of most of the Eni energy and chemicals group. Page 2

Bank of France move heralded: The French government said draft legislation to give the Bank of France independence and to privatise state-held companies would be ready by next week. Page 24

Footsie near standstill ahead of Easter: A virtually unchanged reading on the FT-SE 100 index provided a suitable verdict on the trading session in the UK stock market on Thursday with the Footsie closing at 2,821.8, only 0.3 off the previous day. Although still nervous, equities were helped by technical rallies in Wellcome and BAT Industries, the two blue chips whose misfortunes have undermined the market this week. Page 15

Bhopal charges: The Indian subsidiary of Union Carbide, US chemicals group, has been charged with manslaughter in an action arising from the 1984 Bhopal gas tragedy in which more than 3,000 people died. Eight present or former employees of the group have also been charged. Page 4

US manned flights grounded: A US long-term programme for manned flights to the moon and Mars has been dropped because of spending cuts by the US space agency Nasa. Page 3

German sales sag: German industry's sales in January fell 13.5 per cent to DM141bn (\$87.5bn) from a year ago as recession and winter weather took their toll. Page 2

Indian tornado kills 100: A tornado struck the east Indian state of West Bengal, killing at least 100 people.

Second wanted IRA man recaptured: Irish police said they arrested Irish Republican Army suspect Pearse McAuley at a Dublin railway station. He has been free since escaping with fellow prisoner Neehan Quinn from Brixton jail, London, two years ago. Quinn was arrested last Sunday.

Stolen masters recovered: Two 17th century paintings worth an estimated \$9m were recovered near Vienna, north-east Italy. The paintings, Madonna Grieving with Maria by Van Dyck and The Guardian Angel by Murillo were stolen in 1991 in California.

Kim names son to top military post: Kim Jong-il, son and designated successor of North Korean president Kim Il-sung, was appointed chairman of the national defence committee, the nation's highest military post. Page 4

Women continue UK pits protest: Ann Scargill, wife of miners' leader Arthur Scargill, and three other women started a second night underground at Parkside Colliery, northern England, in protest against pit closure plans.

BR seeks to avert strikes: British Rail is trying to persuade staff this weekend not to join a second strike on Friday, April 7.

Plot to kill Walesa foiled: Poland's secret service confirmed that it prevented an attempt on the life of President Lech Walesa. No further details were disclosed.

Easter publications: The Financial Times will not be published on Easter Monday, April 12. It will be published again on Tuesday, April 13.

STOCK MARKET INDICES		
FT-SE 100:	2821.8	(-0.3)
Yield:	4.84	
FT-SE Europe 100:	1151.40	(-0.7)
FT-AE Share:	1,284.58	(-0.00%)
Nikkei:	19,882.18	(-75.03)
New York:		
Dow Jones Ind:	3,398.48	(-0.54)
S&P Composite:	441.04	(-0.89)
US CLOSING RATES		
Federal Funds:	2.5%	(2.4%)
3-mo T-bill:	2.55%	(2.56%)
Long Bond:	103.2	(102.5)
Yield:	6.85%	(6.94%)
LONDON MONEY		
3-mo interbank:	5.75%	(5.80%)
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Clinton administration still needs to cut another \$10bn of spending

Battle to meet Congress limits

By George Graham
in Washington

THE CLINTON administration faces a fight to cut another \$10bn (\$6.5bn) of spending and raise a further \$10bn in taxes in order to squeeze its budget for next year inside limits set by Congress.

The administration published details of its \$1.517bn budget for the 1994 fiscal year on Thursday but, in a reversal of the usual process, Congress has already passed a budget resolution setting totals for revenues and for broad categories of spending on the basis of the outline economic plan President Bill Clinton presented in February.

Mr Clinton's detailed budget stays largely within those outlines: spending shifts away from defence and government subsidies towards infrastructure investment, civilian technology, training and education, while higher taxes on companies, richer individuals and energy help to rein in the deficit.

This plan backs away at the deficit as a share of the economy, cutting it by nearly one half from 5.2 per cent of gross domestic product in fiscal 1993 to 2.8 per cent in fiscal 1997, said Mr. Leon Panetta, budget director.

However, some of the totals have been adjusted slightly since February to correct

errors during, in Treasury Secretary Lloyd Bentsen's words, "those midnight sessions as you're running the computers."

The administration's budget foresees spending dropping from \$1,533bn this year to \$1,517bn in fiscal 1994, which will begin on October 1, and then climbing to \$1,820bn in 1998. Revenues are to rise from \$1,251bn in 1994 to \$1,530.5bn in 1998.

This would allow the deficit to fall to \$214bn in 1997 before starting to rise again to \$250bn in 1998.

The budget resolution passed by Congress, however, cuts spending by another \$44bn over the five-year period to

reach \$1,801bn in 1998, while increasing revenues by another \$27bn. It would trim the deficit to \$193bn in 1997 and \$202bn in 1998.

Mr Panetta says the combination of the Clinton budget and Congress's adjustments will reduce the deficit by a total of \$51.4bn over five years, compared with the levels it would have reached if no action were taken.

The programme will raise about \$328bn in new taxes over five years, mostly from lifting the top personal income tax rates from 31 per cent to 36 per cent for single taxpayers with a taxable income above \$115,000 and to 38.5 per cent for incomes above \$250,000. The

corporate income tax rate would also rise to 36 per cent for companies with taxable income above \$10m.

A new energy tax will be levied at a rate of 25.7 cents per million British thermal units on most forms of energy, or \$9.9 cents per million BTUs on oil products. Most renewable fuels, including ethanol, will be exempt, and home heating oil will be taxed only at the basic 25.7 cent rate.

Spending will rise on programmes such as roadbuilding, Head Start classes for pre-school children and government research in civilian technologies such as aeronautics, magnetic levitation trains and materials science.

UNITED NATIONS

Arrears to be paid off

THE US plans to pay off \$98m (\$64.5m) of its arrears with the United Nations next year, with another \$163m in 1995, to complete its dues to the international organisation, writes George Graham.

The Clinton administration budget also proposes \$620m for UN peacekeeping operations in 1994, including \$22m to pay off US arrears and a \$175m reserve for unanticipated needs. Another \$293m is allotted to pay for the peacekeeping force in Mozambique, already deployed but not anticipated in last year's US budget. Including money set aside in the defence budget, peacekeeping accounts for more than \$1bn in the overall fiscal 1994 budget.

Aid for Russia and other states of the former Soviet Union is increased to \$704m from \$393m this year - although the package President Bill Clinton announced in Vancouver last week included \$1.5bn of money previously allocated but not spent.

The bulk of the aid budget continues to go to Israel (\$3bn) and Egypt (\$2.1bn).

The administration also proposes to pay the first of the three \$1.25bn instalments it has pledged for the 10th replenishment of the International Development Association, a World Bank offshoot which provides loans at concessional rates to the poorest developing countries.



A weary Lloyd Bentsen, Treasury secretary, during a White House briefing to discuss the fiscal 1994 federal budget

RISKS IN ECONOMIC RECOVERY

Rising trade deficit could cause friction

By Michael Prowse
in Washington

ECONOMIC recovery will result in a significant deterioration of the US merchandise trade deficit, perhaps to a shortfall of as much as \$140bn (\$92.5bn) next year, according to White House economic projections.

A trade deficit of \$140bn in fiscal 1994 would be the largest since the record shortfall of \$150bn in 1987 at the height of the "Reagan boom". The deficit was \$34bn last year, after hit-

ting a recession-induced low of \$65bn in calendar 1991.

A rise in the US trade deficit could lead to increased trade friction, especially with Japan, which ran a bilateral surplus of \$50bn with the US last year.

The expected deterioration in the deficit (projected to fall in a range of \$110bn-\$140bn in fiscal 1994) reflects White House projections of economic growth of 3.1 per cent this year, rising to 3.5 per cent next year - a much faster rate of expansion than envisaged in Europe or Japan.

The domestic counterpart to the widening trade deficit is a more rapid increase in domestic savings, reflecting planned new incentives for business capital formation.

The administration is projecting net private investment next fiscal year of \$190bn-\$220bn compared with \$102bn in fiscal 1992.

Economic growth is expected to slow to 2.7 per cent in 1995 and then stabilise at 2.5 per cent a year from 1996 to 1998. Unemployment is expected to

fall steadily to 5.5 per cent in 1998. Inflation is projected to remain at or close to 3 per cent through the next five years.

Officials stressed that the "baseline" budget deficit projections were based on the Congressional Budget Office's more conservative economic forecast. This projects growth rising to a peak of 3 per cent next year and then declining to 1.8 per cent by 1998, with inflation declining to 2.2 per cent, significantly lower than in the administration's forecast.

While projecting steady

growth, White House economists still worry about the "fragility" of the economic recovery.

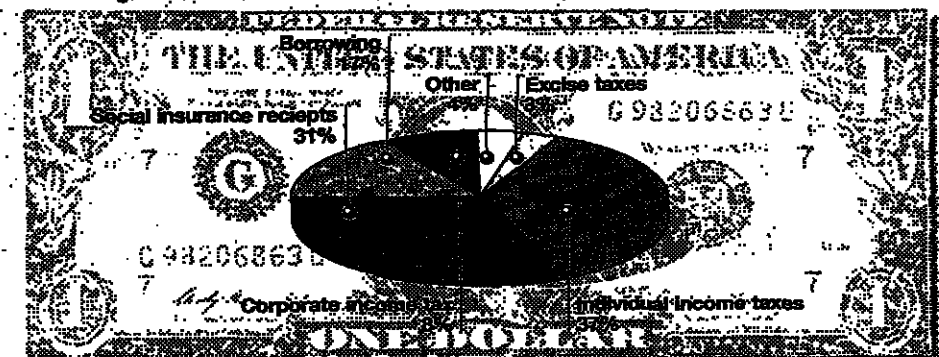
Ms Laura Tyson, head of the Council of Economic Advisers, said pressures on the economy included declining consumer confidence, a fall in payroll employment last month and weak demand overseas.

The economy was operating 4 per cent below its potential level of output and unemployment, at 7 per cent, remained higher than at the end of the recession nearly two years ago.

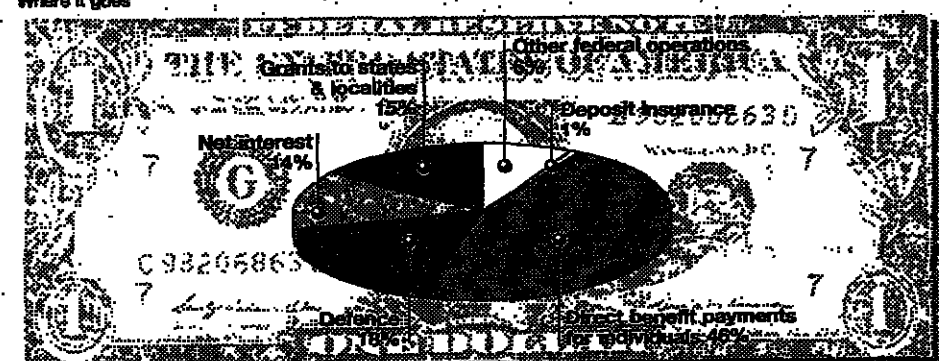
Clinton's Budget



The federal government's debt: Where it comes from.



Where it goes



AGRICULTURE

Subsidies provide fertile ground for budget savings

By Nancy Durne
in Washington

THE 1994 US agriculture budget reduces programmes by 5.8 per cent below last year's level but still leaves \$63bn (\$41.7bn) with which to manage the nation's food supply.

Farm subsidies, \$17bn in this year's budget, are supposed to shrink to \$12bn in 1994 if the weather, the Russians and the competition co-operate.

The Agriculture Department plans to limit payments to farmers who earn less than

\$100,000 in off-farm income; this is expected to save \$75m this year and \$470m in 1994-97. This assumes that farmers - who have a record of creativity in avoiding payment limits - play along.

The administration also proposes to save \$12m this year by cutting honey subsidies and \$10m by limiting wool and mohair incentives. Another \$52.3m will be deleted from the 1994 market promotion programme, which provides assistance to trade organisations and private companies in over-

seas promotional activities. After 1995 the administration expects even larger savings by expanding from 15 to 25 per cent the acreage which will be ineligible for subsidies.

While increasing payments for food stamps and other programmes for the poor, the Agriculture Department expects to save further through agency consolidations, charging user fees, reforming the crop insurance programme, and reducing the statistical output of the Economic Research Service.

ENVIRONMENT

Spending on land cut

ENVIRONMENTALISTS who hoped President Bill Clinton would keep his pledge to buy more land for the nation's parks will be disappointed by the budget, writes Lisa Brausten in Washington.

Spending on land acquisition will fall to \$77.6m (\$51.3m) from the \$117.9m allocated in 1993. Overall, however, the Interior Department budget increases by more than \$500m to \$9.5bn.

Mr Bruce Babbitt, interior secretary, said his department opted to maintain and improve existing national parks rather than acquire new land. He

hopes to continue increasing land held by national parks through land swaps with other Interior Department bureaus.

The department aims to press ahead with plans to raise fees for grazing livestock and mining hard rock minerals on federal land, although Mr Clinton bowed to congressional pressure and took them out of the budget itself.

Mr Babbitt said he had the administrative authority to increase grazing fees and planned to press Congress to increase mining fees by at least 8 per cent.

TRANSPORTATION

Lift for mass transit

TRANSPORT spending will jump by 10 per cent next year if Mr Federico Peña, transportation secretary, wins Congress's support for his \$40.2bn (\$26.6bn) budget request, writes George Graham.

Although more than half the transport budget will still go to roads and bridges, the administration's budget provides \$4.6bn next year for mass transit - 50 per cent more than the Bush administration requested last year and 21 per cent higher than the even more generous allocation provided by Congress. Much of the money will go towards new metro

trains and safer, cleaner buses.

"The past administration had an anti-transit bias. Our administration has a pro-transit bias," Mr Peña said.

High-speed rail technology and tracks, including development of a prototype magnetic levitation train, are to get \$1.3bn over five years, starting with \$140m in 1994.

The administration proposes to extend a 2.5 cents per gallon supplemental petrol tax, currently earmarked for deficit reduction, until 1999 and shift 2 cents of it back to highway construction and ½ cent to transit.

NASA

Savings to hit manned missions

By George Graham

THE US National Aeronautics and Space Administration has trimmed its five-year spending plan by more than \$15bn, to \$80.4bn (\$53.2bn), in a budget that shifts the focus from manned space flight towards development of advanced technology for civilian use.

"It simply was not feasible for us to continue spending at the rate we were and not delivering what we had to deliver," said Mr Daniel Goldin, NASA's administrator.

Nasa's \$15.2bn 1994 budget request kills the National Launch System, a controversial plan to create a new rocket that Mr Goldin said might cost \$10bn yet only permit the US to catch up with, and not leapfrog, foreign competitors such as the European Ariane.

It also kills the Space Exploration Initiative, a long-term plan to send humans back to the moon and to Mars.

The cancellations, along with changes in programmes such as the Cassini probe to Saturn and the Earth Observation System, are expected to save more than \$6bn in 1994-96. Space shuttle funding will be cut by \$3.4bn over the same period.

The biggest savings will come from the space station programme; exact cuts will depend on the outcome of a fundamental redesign now under way, but could halve the station's five-year cost to about \$7.1bn.

Spending on aeronautics research, however, will be increased, with more money going to development of a supersonic civilian aircraft. Nasa believes there could be a market for 500-1,000 of the craft by the turn of the century. There will also be increased funding of technology for subsonic long-haul aircraft and for a hypersonic vehicle that could be ready to replace the shuttle by the year 2005.

SUN ALLIANCE

RESULTS FOR 1992

The audited Group results for 1992 are as follows:

	1992 £m	1991 £m
Premium income -		
General insurance	3,128.0	2,677.9
Long-term insurance	1,302.4	1,017.7
	4,430.4	3,695.6
General insurance underwriting result	(547.6)	(833.5)
Long-term insurance profits	62.0	54.3
Investment and other income	356.0	313.0
Profit (loss) before taxation	(129.6)	(466.2)
Taxation	(12.1)	(2.7)
Profit (loss) after taxation	(117.5)	(463.5)
Minority interests	11.2	8.2
Profit (loss) attributable to shareholders	(128.7)	(471.7)
Dividend	114.6	113.9
Retained profits transfer	(243.3)	(585.6)
Earnings (loss) per share	(16.1p)	(59.2p)
Dividend per share	14.25p	14.25p

TERRITORIAL ANALYSIS OF GENERAL INSURANCE RESULTS

	1992 Premium income £m	Underwriting result £m	1991 Premium income £m	Underwriting result £m
United Kingdom	1,833.4	(438.4)	1,667.1	(713.0)
Europe	534.4	(61.0)	445.8	(78.2)
U.S.A.	334.3	(10.4)	249.1	0.8
Canada	70.5	(14.1)	68.2	(18.7)
Australia	166.8	(8.1)	108.7	(12.3)
Other overseas	188.6	(15.6)	139.0	(12.1)
	3,128.0	(547.6)	2,677.9	(833.5)

SHAREHOLDERS' FUNDS

The Group's net assets amounted to £1,548m at 31st December, 1992 (1991: £1,684m), excluding the value of long-term business. The solvency margin including minority interests was 54% (1991: 49%).

DIVIDEND

The Directors recommend a final dividend of 9.0p per share (1991: 9.0p) making a total dividend for the year of 14.25p per share (1991: 14.25p). The dividend, costing £72.4m (1991: £72.0m), will be paid on 1st July, 1993 to shareholders on the register at close of business on 20th April, 1993. The scrip dividend alternative will again be offered.

The above statement is a summary of the year's results. The full audited Report and Accounts will be posted to shareholders on 26th April, 1993 and delivered to the Registrar of Companies after the Annual General Meeting, which will be on 19th May, 1993.

8th April, 1993

Sun Alliance Group plc

Head Office: 1 Bartholomew Lane London EC2N 2AB

NEWS: INTERNATIONAL

A deceptive blossoming arouses many doubts

Robert Thomson takes the temperature of the Japanese economy amid first worries about overheating

THE DELICATE petals of Tokyo's cherry blossom trees are fluttering to ground after a beautiful but brief existence, inspiring the annual batch of Japanese poetry about human frailty, and prompting comparisons to the perceived flowering of Japan's "economic recovery".

Finance ministry officials may be in the final days of negotiation with other ministries on another emergency package to stimulate growth, but Mr Hajime Funada, director-general of the economic planning agency, warned this week that an already revived economy is in danger of "overheating".

He may be referring to the renewed vigour at the Tokyo Stock Exchange, where the Nikkei market average again momentarily crossed the 20,000 line yesterday, or the strengthening of the yen, whose erratic movements are partly founded on the interpretation that the worst is over in Japan.

Debate over the arrival - or not - of the recovery has complicated the negotiations on the stimulatory package, due on Tuesday and now estimated to total ¥12,000bn (£70bn).

A finance ministry official involved in the preparations said: "We want to make sure the recovery is a firm one".

though he conceded, "we don't know whether recovery will be L-shaped or U-shaped".

However, close scrutiny of economic indicators, other than the stock market index, suggests that the spring recovery could be as fleeting as the cherry blossom, which survives on the tree for about two and half weeks.

Mr Yasushi Mieno, the Bank of Japan governor, remains concerned by "weak final demand", meaning personal consumption and corporate capital investment.

Bank officials also fear that premature talk of recovery will tempt troubled companies to avoid the painful reforms needed to improve core profitability.

Companies do appear to be gaining confidence. Mitsubishi Corporation, the trading house at the centre of the Mitsubishi group, said yesterday that it has begun reviewing gloomy forecasts.

NEC, the electronics company, said bottom was apparently touched in November or December, and "things are picking up".

Sifting through the indicators, companies were encouraged by a 1.5 per cent year-on-year increase in new car sales in March, after 14 consecutive months of decline. Housing

starts rose 6.3 per cent in February, after an increase of 0.9 per cent in January.

Another sign of revival was a slim 0.2 per cent expansion of money supply in February, after a contraction of 0.3 per cent in the previous month.

But these positive figures are more than matched by indicators which suggest that a recovery may not come until next year, and bring only a modest increase in sales, not a return to the dizzy heights of the late 1980s, for which some ambitious manufacturers are still geared.

The car sales figures were an

improvement, but also reflected a rush of new model releases by Japanese makers. Housing starts by owner-occupiers are gathering momentum, but the rental market is very weak and the overall private construction market is frail.

Orders received by the 57 largest contractors were down 36.3 per cent in February, against a year earlier.

Public sector construction orders will be spurred by the government package, but the public market is about a third the size of the private construction market.

Land prices are still falling, office rents were down by 30 to 40 per cent last year in some Tokyo districts, and banks, weighed down by bad loans, are unwilling to lend to developers.

The "final demand" problem, identified by Mr Mieno and discussed this week at a meeting of the Bank of Japan's regional branch managers, is far from solved. Consumers seem not to share the stock market's confidence, as department store sales were down 6.1 per cent in February while smaller retailers reported a 5.4 drop in their sales.

Consumer wariness has come with concerns about job security and salary levels. Overtime is falling, and the Japanese workforce shrank by 0.4 per cent in February, the first decline in seven years.

The most obvious victims of cost-cutting are women, as the number working fell by 410,000 or 1.6 per cent over the year.

These patterns are not reflected in the core unemployment figure, steady at 2.3 per cent in February, after edging to 2.4 per cent in December. But there is evidence of change in the jobs-to-applicants ratio, which stood at 0.91 in February, meaning that seekers outnumbered vacancies. In September, the ratio was 1.01 - that is, slightly more jobs than applicants.

Corporate Japan may sense that a recovery has begun, but cost-cutting plans remain in place and will continue to dampen demand.

A survey by Long-term Credit Bank of Japan found that listed companies intend to cut capital spending by an average 4 per cent this fiscal year, following a 3.9 per cent decline in the year just ended.

Instead of drawing attention to an imminent recovery,

LTGB noted, "virtually all industries are trimming their investments" and "many industries that have been slow to adjust to economic changes will finally begin cutting their investments in earnest". Sumitomo Metal Mining, a member of the Sumitomo group, announced yesterday that capital spending will fall 45 per cent this year.

Companies are still digesting capacity added during the late 1980s, when machinery orders from manufacturers rose 13.5 per cent. Last year, orders from the same sector fell 18.6 per cent, and another 14.9 per cent fall was reported in January.

The electronics sector still appears to have over-capacity of 30-40 per cent, and depreciation charges on recently added facilities are continuing to rise.

The mixed statistical signals have put extra pressure on the finance ministry to design a new package that stimulates final demand, and assists small and medium-sized companies, and not just the construction industry.

Ministry officials concede that smaller companies are facing a "credit crunch" because of banks' reluctance to lend, stimulating demand for funds from government-affiliated institutions.

N Korean leader names son to head military

By John Burton in Seoul

MR Kim Jong-il, the son and designated successor of North Korean President Kim Il-sung, yesterday obtained virtual control over the country's armed forces when he was appointed chairman of the national defence committee.

This is considered a key step in Mr Kim's assumption of power from his father, who will be 81 on April 15. The transfer of power will be completed once the 51-year-old Mr Kim has become president of North Korea and general-secretary of the Korean Workers' Party, the two main posts now

held by his father, who has ruled the country since 1945.

The naming of Mr Kim to the highest military post comes amid speculation that he faces opposition from hard-liners within the 1.1m-strong armed forces.

South Korean officials believe Mr Kim decided to withdraw North Korea from the nuclear non-proliferation treaty last month and declare a temporary state of "semi-war" in a bid to assert his authority over the military and win its support.

"He needed to prove that he was an able and tough leader," Mr Han Sung-joo, South Korean foreign minister, said recently.

Analysts in Seoul believe that the northern military may be opposed to Mr Kim's succession because it fears its influence will be reduced once he achieves full power.

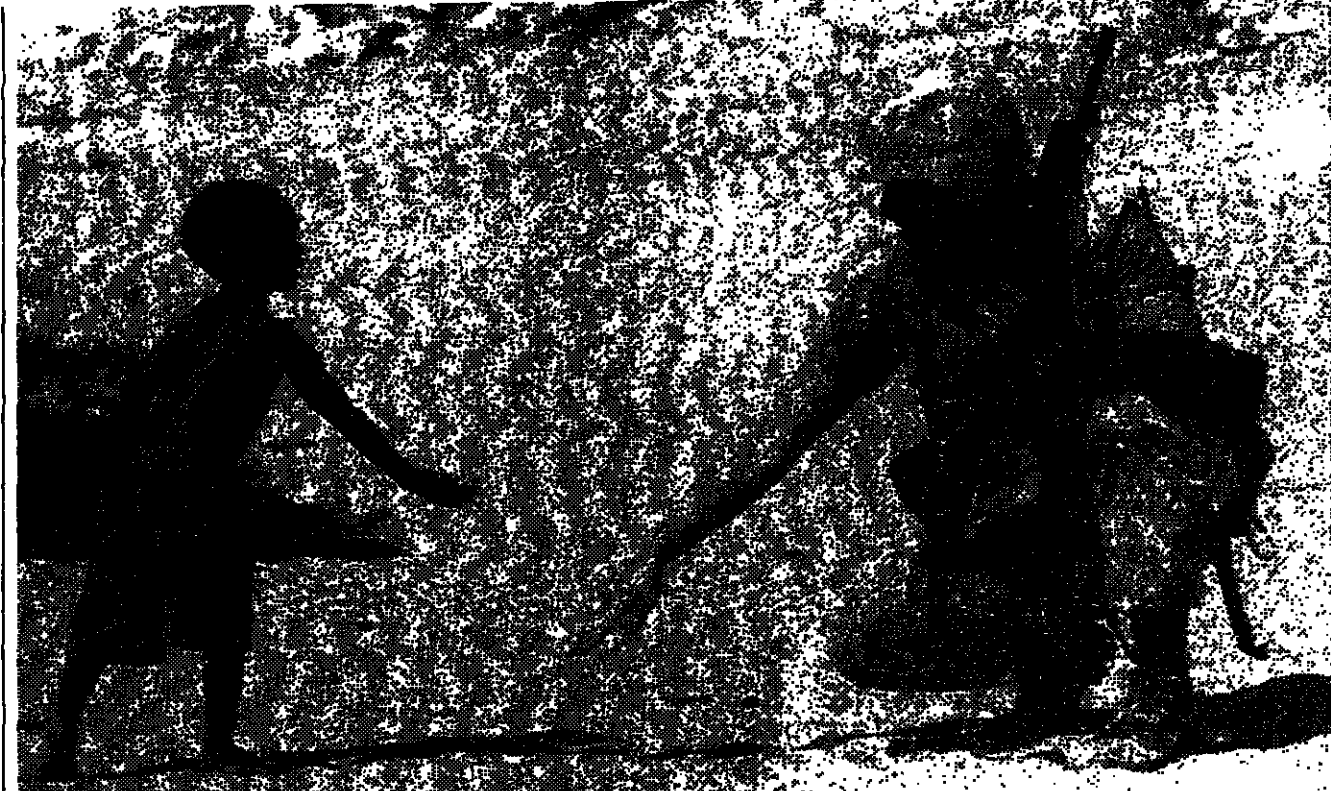
Mr Kim lacks a military background, unlike his father, who was a guerrilla leader against the Japanese in Manchuria in the 1930s and 1940s. The elder Mr Kim and his military colleagues formed the nucleus of power in North Korea after 1945. Many of the younger Mr Kim's aides, however, are technocrats believed to favour limited reforms, such as opening the country to foreign investment. The North Korean parliament this week approved new and more liberal foreign investment laws modelled on Chinese practices.

Protests against India PM

THOUSANDS of angry Moslems took to the streets of Dhaka yesterday to protest against the attendance of Mr P V Narasimha Rao, Indian prime minister, at a south Asian summit, witnesses said. Reuter reports from Dhaka.

"Rao, cancel your visit; shame that you are coming here," the protesters chanted, before being forced to flee by riot police, one eye-witness in the Bangladeshi capital said.

Mr Rao was due to arrive in Dhaka today, hours before the eighth summit of the South Asian Association for Regional Co-operation (SAARC) is to begin in Dhaka.



AN American soldier and a Somali boy reached out towards each other at Kismayu in Somalia while Adm Jonathon Howe, a UN special envoy in Somalia, was launching there yesterday a new effort to find the assassin of a British aid worker murdered in the town. He appealed to clan elders to help the UN find who killed Mr Sean Devereux of the UN Children's Fund in January.



SON RISING: Kim Il-sung (left in hat) and Kim Jong-il

Charge in India for Union Carbide

By Stefan Wagstyl in New Delhi

THE INDIAN subsidiary of Union Carbide, the US chemicals group, has been charged with manslaughter, in much-delayed legal action arising from the 1984 Bhopal gas explosion.

Mr Keshub Mahindra, subsidiary chairman and a top Indian industrialist, and seven other past or present Union Carbide India employees, were also charged on Thursday.

Charges have also been filed against the US parent company, Union Carbide (Eastern), the company's Hong Kong operation; and Mr Warren Anderson, who was the parent company chairman at the time of the explosion at the company's pesticide factory in Bhopal, central India.

However, neither the parent company, nor the Hong Kong operation, nor Mr Anderson has appeared before Indian courts. All are being treated as absconders from Indian justice.

More than 3,800 people were killed when a cloud of toxic gas escaped from storage tanks at the Bhopal plant. Tens of thousands were injured in one of the world's worst industrial disasters.

About 40 people, including 11 soldiers, have been killed in the latest violence in India's troubled northern state of Kashmir. Six of the dead were soldiers killed when their Jeep was blown up on Thursday.

Violence in Kashmir has been rising since 1989 as Kashmiri Moslems have been taking up arms in support of their political demands.

Peres would talk to Jerusalem Arabs

MR SHIMON Peres, Israeli foreign minister, said yesterday that he would not object to talking to Palestinians from east Jerusalem, AP reports from Jerusalem.

The US administration has proposed that Israel accept Mr Faisal Hussein, a prominent east Jerusalem Arab, as head of the Palestinian negotiating team in order to coax Palestinians back to negotiations, set to resume in Washington.

Mr Peres stressed on Israeli radio that excluding Arab negotiators from Jerusalem was a policy of the previous, right-wing Likud government in Israel, which had argued that to talk with such people would mean conceding Israel's claim on the city.

Mr Peres added that he has "never ruled out Faisal Hussein". He said that, "on the

ground, Faisal Hussein heads the Palestinian team. The Americans are speaking with him. We are not deaf or blind."

Mr Hussein, who has close ties to the Palestine Liberation Organisation, has been denied a formal role in the talks because Israel objects to sitting down with Arabs from Jerusalem.

Reuter reports from Amman: Palestinian negotiators will meet US officials in Washington again before deciding whether to attend the next round of Middle East peace talks on April 20, the chief Palestinian delegate said yesterday.

"We will be leaving for Washington in mid-April for further discussions with the US administration on our requests," Mr Haidar Abdel-Shafi said.

Taiwan to press for UN membership

TAIWAN'S President Lee Teng-hui said yesterday that the island would mount a campaign to rejoin the United Nations, from which it was ousted by China in 1971, Reuter reports from Taipei.

"We will actively seek to join the United Nations. We hope the international community will seriously consider this issue within three years," he said in a speech at the opening

of a session of the National Assembly. "We will push to join more international organisations in order to contribute to the peace and prosperity of the world."

Taiwan has applied for membership of the General Agreement on Tariffs and Trade, and has said it wants to join several other multilateral economic organisations.

International pressure forced

Taiwan to give up its seat in the UN to China, which has claimed sovereignty over the island since the end of the Chinese civil war in 1949.

But Taiwan's opposition Democratic Progressive Party, which made strong gains in last December's elections, wants Taipei to re-apply for UN membership immediately and has staged demonstrations to press its demand.

The government imposed extra-tight security in the capital, with 8,000 soldiers and police on round-the-clock duty for the meeting of the leaders of Bangladesh, Bhutan, India, Pakistan, the Maldives, Nepal and Sri Lanka.

It also banned rallies, marches and any sort of protests during the summit.

Violence in India between Hindus and Moslems has twice forced the postponement of the summit because the Indian prime minister was reluctant to leave New Delhi.

Blood stains the peace of a nation eager to vote

Victor Mallet assesses the factional strife in Cambodia as the UN tries to protect electors looking forward to a poll next month

PEACE in Cambodia was supposed to be one of the dividends from the end of the Cold War, but neither the newfound goodwill among the superpowers nor the presence of 22,000 United Nations peace-keepers seems able to end Cambodia's gruesome conflict.

More than 100 people were known to have been killed throughout the country last month, many of them immigrant Vietnamese women and children massacred in a fishing village by suspected Khmer Rouge guerrillas. A week ago, three Bulgarian UN peace-keepers were murdered in cold blood by Khmer Rouge gunmen, after having the guerrillas to a friendly supper in their UN tent. On Thursday, a 25-year-old Japanese volunteer working as an electoral officer was killed in an ambush.

Tension is rising throughout the country. The US embassy in Bangkok said yesterday it had advised travellers not to go to Siem Reap,

the northern Cambodian town which is the site of the ancient Khmer temples of Angkor. Khmer Rouge guerrillas are active in the area.

The current violence is a far cry from the scene in Paris on October 23, 1991, when the various Cambodian factions, the five permanent members of the UN Security Council and other concerned countries ceremoniously signed a comprehensive peace agreement providing for a ceasefire and a UN-monitored election.

The accord was possible because, as the Soviet empire crumbled, the Soviet-backed Vietnamese had announced the withdrawal of their troops from Cambodia in 1989, and the US and China had nudged their guerrilla protégés - who had been fighting the Vietnamese occupation - towards the negotiating table.

All four principal Cambodian factions put their names to the agreement, the Phnom Penh administration, installed by the Vietnamese

after the invasion of 1978 which had overthrown the Khmer Rouge; the Khmer Rouge itself, the Chinese-backed extreme left organisation blamed for the deaths of 1m Cambodians during its reign of terror between 1975 and 1978; the royalist group Funcinpec; and the US-supported Khmer People's National Liberation Front.

Almost from the start, however, the agreement was flouted by the two factions with the only significant military forces in Cambodia - the Khmer Rouge and the Phnom Penh administration.

The ceasefire was ignored. Khmer Rouge leaders refused to allow UN forces into the swathes of territory they control along the border with Thailand, and they refused to disarm or demobilise their fighters in accordance with the agreement, thus forcing the other factions to keep their weapons as well.

Sensing the likelihood of a humiliating defeat at the polls, the Khmer Rouge has also condemned the elec-

tion and sought to strengthen its political influence by stoking the fires of Cambodian nationalism and launching a hate campaign against the hundreds of thousands of Vietnamese settlers in Cambodia.

Khmer Rouge officials try to justify their intransigence by claiming (with scant evidence) that thousands of Vietnamese troops are still in Cambodia and by saying (with some justification) that the UN, instead of treating the Phnom Penh administration as one of four equal factions, has let it retain too much control over government ministries.

The administration, meanwhile, has been intimidating voters in many districts with all the authority and guns at its disposal, and is suspected of murdering more than 20 Funcinpec campaign workers.

"Sometimes," wrote Mr Yasushi Akashi, head of the UN transitional authority in Cambodia, in a gloomy report to his staff last month, "the

behaviour of the Cambodian parties makes it seem as if only Untac is trying to carry out the Paris agreement, even though all of them signed it."

Untac is often blamed for not moving quickly or forcefully enough to implement the peace accord. In particular, its critics say, it should have established itself in Khmer Rouge zones from the start and taken firm control of government ministries in the capital.

In their defence, Untac officers say the success or failure of the peace plan depends not on the UN but on the willingness of the Cambodians to implement the agreement they signed in Paris. The accord clearly states that Untac's job on the military side is to "supervise, monitor and verify" the ceasefire - no mention of enforcement.

However helpful the superpowers may have been - and China's attitude remains ambivalent - neither Thailand, whose armed forces are overtly sympathetic to the Khmer

Rouge, nor Cambodia's leading politicians appear to have done enough to ensure the success of the peace plan.

Prince Sihanouk, the Cambodian "god-king" regarded as the one leader who can unite his country behind him, has spent much of the crucial past few months thousands of kilometres away in Beijing and issuing a confusing series of statements alternately praising and condemning Untac.

Mr Akashi and the UN, for want of any other plausible option, seem determined to press ahead with the voting from May 23-27, although Mr Akashi has painted himself into an embarrassing corner by saying often that conditions are not yet right for the free and fair election specified by the Paris agreement, when there is every sign that the violence is getting worse.

Even if the election proceeds as planned, it is possible that militarily weak parties, such as Funcinpec, will win large numbers of seats

in the new assembly, and that the well-armed government or the well-armed Khmer Rouge will therefore refuse to accept the result; indeed, the Khmer Rouge has already declared that it will reject the outcome.

The UN would then have to decide whether to change and strengthen Untac's mandate so that UN forces may support a new government, or turn and run and leave Cambodia's inhabitants to continue their civil war.

To abandon Cambodia could allow the Khmer Rouge ultimately to return to power in Phnom Penh, risking a return of the killing fields and a new confrontation on the border with Vietnam. It would also throw away such gains as have been won by the peace accord - a fragile start to economic growth, an enthusiasm for peace and democracy shown in the registration of 4.7m voters, and the nearly completed homecoming of some 370,000 refugees.

مكتبة جامعة القاهرة

Roxburghe was monitored for several months

By Andrew Jack and David Owen

THE BANK of England closely monitored Roxburghe Bank for several months before it went into administration on Wednesday, it has emerged. The administrators appointed are now examining the operation of the business, including its unusually high volume of deposits from overseas and the uncertainty about the level of provisions required against bad loans.

The directors of Roxburghe, which was based in Mayfair in London, decided on Tuesday morning to apply to the High Court for an administration order under UK insolvency law.

Mr Keith Vaz, the Labour MP, said yesterday he would be seeking an urgent meeting with Mr Norman Lamont, the chancellor, when MPs return next week from the Easter recess.

Saying that five banks directly serving Britain's Asian community had now either been closed by the Bank of England or had voluntarily shut down, Mr Vaz said it would take "a great deal of explaining" to demonstrate that "all of this is just a coincidence".

Mr Vaz referred to last month's disclosure by the Bank of England that in 1991 it had launched financial lifeboats for a number of small and medium-sized banks. The Bank needed to explain why it had adopted different criteria when dealing with institutions such as Roxburghe Bank, he said.

Mr Tony Lomas, one of the joint administrators from accountants Price Waterhouse, said Roxburghe needed to seek protection from its creditors because it would have been unable to meet demands for the increasing amount of withdrawals before the end of April.

He said there were also concerns about whether it had net liabilities, because it had £45m in assets at the end of February against £40m in liabilities plus the need to make further provisions of up to £5m.

NUT may boycott all school tests

By Gillian Tett

THE National Union of Teachers yesterday stepped up the political pressure on Mr John Patten, education secretary, to withdraw controversial school tests by announcing that it was considering boycotting all the school tests this summer.

The largest of the teaching unions said at the start of its annual conference in Brighton that its executive had agreed the union should vote today on whether to hold a ballot for a complete boycott.

If the NUT went ahead with such a boycott, it would present a serious challenge to Mr Patten's plans to hold school tests for 14-year-olds this summer in subjects such as English and technology and might affect plans for similar tests for seven- and 11-year-olds.

The second largest teaching union, the NASUWT, has already announced a boycott of the English tests for 14-year-olds.

The more moderate union, the ATL, announced at its conference this week that it would also ballot its members on a boycott in spite of Mr Patten's announcement that he was planning an urgent review of the national curriculum and the testing system.

Mr Doug McAvoy, NUT general secretary, indicated at a NUT briefing yesterday that he expected his members to support a ballot and a boycott.

"If they are not abandoned we will boycott all the tests but take whatever action is necessary to limit the excessive workload associated with the tests and the assessments," he said.

"If Mr Patten's review is to be meaningful there can be no educational reason for going ahead with the tests."

He warned that, if Mr Patten's review did not promise significant changes in the testing system for the following year the NUT would be likely to extend its boycott into 1994.

Rate cuts bring little benefit to north-west

By Ian Hamilton Fazey, Northern Correspondent

LOW INFLATION and reduced interest rates have had little or no direct impact on the majority of companies, according to a survey of business in north-west England by Latham, Crossley & Davis, a Manchester, Chorley and Wigan firm of accountants.

In a surprising result, 68 per cent said low inflation had brought no direct benefit, while 56 per cent said low base rates had been equally ineffective.

The survey was conducted in the second half of last month as part of a series begun last summer involving 700 businesses. Companies said low inflation had helped maintain prices but had not made planning for investment any more certain. With business harder to find, companies said levels of interest rates were irrelevant because there were no extra orders to finance with borrowings.

Old formula returns to Donington's circuit

By John Griffiths

LEICESTERSHIRE entrepreneur Mr Bernard "Tom" Wheatcroft, 70, is listening this weekend to music which, at times, he feared he would never hear.

It is the sound of an entire Formula One motor racing pack paying around Donington Park, the motor racing circuit near Leicester which he bought 22 years ago.

Since then he has battled, until this year unsuccessfully, to stage a round of the grand prix world championship there.

Mr Wheatcroft, a tough, no-nonsense businessman whose fortune was founded on property development, is first to acknowledge that there is a strong commercial incentive to stage a grand prix.

There are expected to be 130,000 spectators at the track, each paying £55-£120 for the grand prix itself tomorrow; several thousand more have been camped out for the past two days of practice; and there are millions to be made from corporate hospitality and other trappings of motor racing.

But, for Mr Wheatcroft, the money really does rank a distant second. He has difficulty expressing his satisfaction that grand prix cars are again racing at Donington, nearly 60 years after the echoes of its last grand prix - fought out between Mercedes and Auto-Union in 1938 -



Tom Wheatcroft: a 22-year dream to see a formula one motor racing pack on the race track he owns will realised this weekend

were drowned out by the onset of war. Mr Wheatcroft, a motor racing devotee from childhood, had cycled to the track to watch them.

Mr Wheatcroft has fought long and hard against the entrenched interests of the rival circuit, Silverstone, and grand prix racing's organisers to achieve his goal. Five times in the past he has been promised a grand prix but it has slipped through his fingers.

In the mid-1980s, his campaign appeared to have failed for good. The world governing body of motor sport decreed that there should be only one grand prix per country; and the idea of a "European" grand prix, which had allowed Brands Hatch to stage a race as well, was scrapped. His

sophistic attempt to stage an "Irish" grand prix in England also failed.

Now, Donington's grand prix, again entitled "European", results from the cancellation of the Asian grand prix scheduled for Japan.

Further EC complication for contracting out plans

By David Goodhart, Labour Editor

PUBLIC-SECTOR workers affected by contracting out may be able to refuse transfer to private-sector contractors and claim the substantial payments available under public-sector redundancy schemes, following a recent judgment at the European Court of Justice.

Many UK lawyers believe the judgment in *Katsikas v Konstantinidis* could add another complication to government contracting out plans dogged by the EC Transfer of Undertakings Regulations (Protection of Employment) - Tupe.

The Tupe regulations often require that public-sector workers' pay and jobs are secured when their undertak-

ings are transferred to the private sector. It has been believed, however, that where the regulations apply, the common law right to refuse to transfer to the new employer is superseded, with the effect that redundancy cannot be claimed from the old employer.

object to the transfer but the new owner argued this was incompatible with Tupe.

The European Court of Justice disagreed and said each member state could decide if employees should be given the option of resisting transfer. The UK government did not offer that option in the Tupe regulations. But, as it was thereby removing an old common law right, it may have been wrong under European law not to offer the option.

Mr John McMullen of solicitors Simpson Curtis in Leeds said: "The bombshell effect of this for companies is that they may be faced with a group of employees who refuse to transfer and are therefore entitled to claim termination payments."

Second fugitive arrested in Ireland

IRISH police yesterday arrested Mr Pearce McAuley, who is wanted in Britain in connection with conspiracy to murder and other terrorist crimes. Mr McAuley escaped from Brixton jail in south London two years ago.

His fellow fugitive, Mr Nesson Quinnivan, was detained by Irish detectives last Sunday after a raid on a farmhouse in Co Tipperary and later faced firearms charges in the anti-terrorist Special Criminal Court in Dublin.

Mr McAuley was detained at Dublin's Connolly station.

He was arrested by special branch officers under Ireland's Offences Against the State Act for questioning about the possession of a firearm and other offences.

Both men are wanted by Scotland Yard for the Brixton break-out and plots to kill Sir Charles Tibbory, the former Wathead brewery chairman, and to cause explosions in Britain.

Mr Quinnivan is due back in court after Easter. So far no formal attempt has been made for his extradition to Britain and the Irish authorities have made clear the charges against him in Dublin will have to take precedence.

● The IRA yesterday released a video showing armed terrorists. The three-minute tape of masked men in battle dress was accompanied by a warning that Britain must choose between peace and what it described as "the inevitability of war".

OBITUARY

Sydney Burfoot

SYDNEY BURFOOT, for many years a member of the Financial Times' printing staff, has died at the age of 68.

Mr Burfoot, a popular figure with his colleagues, worked as a printer at the FT for 26 years, latterly as an overseer. His career at the paper spanned the eras of hot-metal typesetting and computer output.

Recovery in truck sales peters out

By John Griffiths

A TENTATIVE recovery in commercial vehicle sales in the final months of 1992 petered out in the first quarter of this year.

Statistics from the Society of Motor Manufacturers and Traders show that registrations of commercial vehicles last month were 11.75 per cent lower than in the same month a year ago.

The March figures are in stark contrast to those for registrations of new cars, which were up 11.68 per cent in March compared with the year-ago month.

In its role as an economic indicator, the vehicle market is thus sending conflicting signals to the government about the prospects for recovery.

The fact that sales of commercial vehicles - which are driven mainly by commercial and industrial activity - remain so badly depressed heightens suspicions that the car market recovery is being over-stated by dealers and manufacturers. They may be by registering cars for which there are, as yet, no final buyers in an effort to boost market shares and keep plants busy.

The 17,741 commercial vehicle sales in March, down from 20,103 a year ago, meant

that sales in the first quarter as a whole were 5.36 per cent lower than in the same quarter of 1992.

The recovery at Leyland Daf, which has been a substantial exporter to the Continent, and increasing imports of Vauxhall of light vans built in Portugal were among the factors in a sharp rise in imports.

They took a 42.21 per cent share of the market in March compared with 34.11 per cent in the year-ago period. In the first quarter they rose to 40.71 per cent compared with 35.37 per cent a year ago.

With the exception of small vans, mainly those derived from cars, all main sectors of the commercial vehicle market are running below the first quarter of last year.

Worst hit are panel van sales, which are down nearly 12 per cent, and heavy trucks - those over 15 tonnes - down by nearly 6 per cent. However, light van sales are up 3.85 per cent in the quarter.

Leyland Daf's problems have meant that Iveco group, controlled by Fiat of Italy and incorporating Ford's UK truck operations, is now the clear truck market leader. It had a share of 26.51 per cent for the quarter compared with 18.51 per cent for Leyland Daf, which has been demoted to third behind Mercedes-Benz.

UK COMMERCIAL VEHICLE REGISTRATIONS JANUARY-MARCH 1993

	Volume (Units)	Change (%)	Share (%) Jan-Mar 93	Share (%) Jan-Mar 92
Total Market*	50,244	-5.36	100.00	100.00
Imports	20,453	+8.92	40.71	35.37
Small vans (up to 1.8 tonnes)				
Total	17,205	+3.85	100.00	100.00
Imports	8,260	+78.25	38.38	21.18
Ford	7,963	+21.24	46.26	38.65
Vauxhall (GM)	5,939	+9.17	34.52	32.84
Peugeot (incl. Citroen)	1,014	-7.31	5.89	6.61
Renault	777	-1.27	4.52	4.75
Power (British Aerospace)	716	-49.90	4.16	6.63
Medium Vans (1.81-3.5 tonnes)				
Total	20,637	-11.66	100.00	100.00
Imports	8,204	-6.14	39.75	37.42
Ford	10,846	-0.46	52.57	46.65
Leyland Daf (Daf)	1,579	-58.70	7.65	16.61
Volkswagen	1,533	+2.13	7.43	6.42
Renault	1,262	-5.11	6.12	5.69
Peugeot (incl. Citroen & Talbot)	1,150	+8.38	5.57	4.83
Vauxhall (GM)	979	+2.30	4.74	4.10
Mercedes-Benz (Daimler-Benz)	822	-23.89	3.96	4.02
Nissan	712	-18.35	3.45	3.73
Trucks (over 3.5 tonnes)				
Total	7,221	-0.89	100.00	100.00
Imports	3,587	+11.67	49.69	40.78
Iveco group** (Fiat)	2,073	+8.25	28.51	24.24
Leyland Daf (Daf)	1,448	-22.19	18.51	23.56
Mercedes-Benz (Daimler-Benz)	1,474	+18.16	18.85	15.66
Volvo	854	-2.84	10.92	11.13
MAN	399	+24.69	5.10	4.47
Renault	272	-12.26	3.48	3.92
Of which Heavy Trucks (over 15 tonnes)				
Total	4,001	-5.86	100.00	100.00
Volvo	761	+3.12	19.02	17.36
Scania (Investor)	600	+10.50	15.00	12.78
Leyland Daf (Daf)	583	-34.27	14.57	20.87
Mercedes-Benz (Daimler-Benz)	580	+8.41	14.50	12.59
Iveco group** (Fiat)	526	-7.88	13.15	13.44
DFP	365	-17.23	9.12	10.38

*includes buses and light four wheel drive utility vehicles.
**includes Iveco Ford and Saddon Allison.
†Fiat and Volvo are linked through minority cross-shareholdings.
Source: Society of Motor Manufacturers and Traders and industry estimates.

FINANCIAL TIMES CONFERENCES

EUROPEAN SECURITIES MARKETS

- The Way Ahead

London, 10 & 11 May 1993

Europe's securities markets are breaking out of their narrow domestic confines. The deregulation of national market-places, the abolition of capital controls and the development of technology that by-passes rigid market structures, has brought increasing integration of debt and equity markets.

This process poses challenges for all intermediaries in the investment markets, whether broker-dealers, fund managers or stock exchanges. How will they be affected by these developments and how will they adapt?

The distinguished speakers who will discuss these and many other important issues include:

Mr Peter Baring
Barings plc

Mr Heinz-Jürgen Schäfer
Dresdner Bank AG

Mr Stanley D L Ross
Tradepoint Financial Networks plc

Mr René Karsenti
European Bank for Reconstruction and Development

Mr Michael J Payne
Legal & General Investments

Mr John Gilchrist
Cedel SA

Mr John Young CBE
Securities and Futures Authority

Mr Robert K Steel
Goldman Sachs International Ltd

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Amsterdam Stock Exchange

Mr R Ian Molson
Credit Suisse First Boston Limited

Mr Peter Cox
OM London Limited

Mr Patrick Gifford
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'Cover up' claim in Salvation Army row

By Gillian Tett
and Jimmy Burns

LAWYERS representing Mr Stuart Ford, the Birmingham businessman alleged to be at the centre of the £6.2m fraud against the Salvation Army, yesterday hit back at allegations that Mr Ford was responsible for the loss of the charity's money.

Mr Jim Crocker of the law firm Howell and Co said, on behalf of Mr Ford, that the allegations represented a "cover up" on the charity's part.

"If anybody is guilty of any-

thing then that blame should lie fairly and squarely at the door of the Salvation Army," Mr Crocker said.

The accusations against Mr Ford came in an statement issued by the Salvation Army on Thursday - the first full statement the charity had made since February, when it issued writs accusing Mr Ford, and his business associate Mr Gamil Naguib of conspiring to defraud the charity.

Thursday's statement announced that three top Salvation Army officials had been transferred from their posts,

and Colonel Grenville Burn, the Salvation Army officer in charge of fundraising, had been sacked.

However, General Eva Burrows, the Salvation Army's leader, stressed that on the basis of an internal investigation conducted by Coopers & Lybrand, the accountants, the charity had been innocent victims of skilled fraudsters.

Ms Burrows said: "There is no suspicion of any dishonesty by any of the people who have been disciplined."

This position echoes the preliminary findings of the Metro-

politan and City of London Police fraud squad, who have not yet found any evidence implicating senior charity officials in the fraud.

At the same time, the Charities Commission has announced an inquiry into the affair.

According to the Salvation Army statement, the money was diverted from its accounts when two self-styled business advisers, Mr Stuart Ford, and Mr Gamil Naguib persuaded Col Burn, to transfer £10m to the Belgium bank ASLK-CGER, in the spring of 1992,

supposedly for investment in letters of credit.

Although the account was supposed to be under the supervision of top Salvation Army officials, in June 1992 Col Burn and Mr Ford then moved \$8.8m into an account of the Banque Continentale du Luxembourg without proper consultation.

By mid-December the charity learned that this money had been diverted by Mr Ford and Mr Naguib into a range of different accounts. Consequently, about \$1m of the missing money has been recovered.

Detectives from the Metropolitan and City of London police fraud squad have interviewed Col Burn at length and have had access to affidavits made by other senior officials.

They have also studied documentation relating to bank transactions in Belgium and Luxembourg.

Mr Ford's lawyers yesterday said that he had voluntarily surrendered himself to the police on Thursday, before the charity issued its statement. He is bailed to appear in court in October.

Decision put off on pension age equality

By Ralph Atkins

A GOVERNMENT decision on equalising male and female state pension ages has been delayed until mid-summer at the earliest, and perhaps until autumn.

The decision, when it comes, is expected to provoke a political row because millions of women face longer working lives.

Mr Peter Lilley, social security secretary, is considering postponing pension equalisation legislation until the parliamentary session beginning in autumn 1994, reducing the need for an early announcement.

A decision on a common pension age of 65 had been expected soon after Easter with legislation in the next session of parliament.

But options have not yet been considered by a cabinet committee and, even if legislation is not delayed further, the planned white paper still seems some way off.

Ministers may decide to await the outcome of the European Council of Justice's decision in the *Coloroll Pension Trustees* equal pension rights case - expected in July.

That case will determine whether equality is required

only for pension benefits earned by service since May 17 1990, the date of the "Barber" judgment, or for benefits which were earned by service before that date. The Barber judgment on equal pay led the government to move towards a common pension age.

Currently the state retirement age is 60 for women and 65 for men. Although equalising at 65 has emerged as by far the most likely option, ministers have not formally made a decision.

Nor have ministers agreed on how to use some of the expected £3bn a year savings from raising the female retirement age to soften the impact - for instance by helping low-income pensioners.

One Whitehall insider said: "What is happening at the moment is a whole lot of cold feet about exactly how we amortise that package together that is holding things up."

Any decision would not take effect for at least a decade and would probably then be phased in.

Ministers believe 65, which has been backed by the Confederation of British Industry, can be justified by the international trend towards higher retirement ages.

Waste legislation that dealers want dumped

Gillian Tett on the proposed disposal laws that present a threat to a valued activity

MR MICK Nichols grew up travelling on his family's rag-and-bone cart. Now in his fifties, he continues to ply his horse as he has been replaced by a van - and his livelihood is now threatened by the most modern of political phenomena - a battle over new environmental legislation.

The Department of the Environment is due to announce early in June a wide-ranging package of legislation covering waste disposal which would force scrap dealers to pay for new licenses and register all material handled by their yards.

Although the legislation was planned for April, its introduction has been delayed - a move that reflects not only the increasing confusion over the implementation of European Community directives, but also the widespread protests from the scrap industry.

The issue at stake is whether scrap should be defined as waste. Until now the Department of Environment has assumed that scrap should be so defined, with the result that local authorities across the country have treated scrap dealers in accordance with waste disposal regulations.

The department said: "These new regulations are basically being introduced to ensure that we have the highest environmental standards." The scrap industry insists, however, that designating scrap as waste is misconceived. Instead, it says that dealers like Mr Nichols play a vital part in the recycling of metals, and their work should be recognised for its environmental benefits.

Mr John Clubb, director of the British Scrap Federation, said: "We are not whinging - we are prepared to accept regulations. But these regulations will hit us and hurt the environment." He points out that at present local authorities vary greatly in their interpretation of the existing legislation.

Mr Clubb believes that forcing scrap dealers to pay for new licenses and keep inventories will not only force many of the smaller dealers to close, but also discourage them from dealing with difficult items. The federation says scrap dealers handle about 2m vehicles and 5m household appliances such as washing machines, freezers and cookers a year.

Mr Clubb added: "When the public sees a filthy old scrapyard, they don't realise that it does a job which helps the environment. Where else are you going to dump your old fridge?"

Nevertheless, as the federation admits, the industry faces a difficult problem in changing its public image, not least because of high- and low-tech methods of scrap recycling.

The federation estimates that there are 300 large dealers operating in Britain. In 1991 these produced about 8.5m tonnes of recycled steel, together with a smaller - but more valuable - quantity of non-ferrous material. Slightly less than half of the steel was exported, of which 53 per cent was sent to EC countries, primarily Spain.

The largest dealers, such as Coopers & Lybrand, which has an annual turnover of about £200m, stress that their side of the business is highly modernised. But these larger dealers

are themselves dependent on an estimated 9,000 smaller collectors and traders, who collect different scrap materials which large dealers believe would be uneconomic to collect.

To a casual observer the methods of small collectors seem to represent a distasteful side of the business. For while some former rag-and-bone families have replaced their horses with vans, others are using ever more basic methods, scavenging in rubbish tips with their bare hands.

One such London based collector, known as "Spectacles", has spent the last 20 years travelling skips for old wires and metals which he crams into a hand trolley and sells to scrap dealers. On a good day, when the skips are full and the site managers generous, he makes about £10.

"Gun metal is the best - you get good prices for that. Then zinc or aluminium," he explained. "But iron's the worst because no one wants it. The price has fallen right low."

The scrap wire he collects is sold on to a local scrap metal yard which cleans and strips it and then sells it on to refiners. According to HP Dicks, one of these refiners, most of the aluminium is then exported, with the lead going to British factories that manufacture batteries. Most of the scrap steel is refined in the UK.

The larger dealers insist that itinerant present an out-dated picture of the business. Nevertheless, with their numbers apparently growing, swelled by the young homeless, the rag-and-bone image seems set to dog the industry - and the forthcoming legislation - for a long time.



Southwark Metal, a scrap metal yard in London which specialises in ferrous metals and cable. Scrap dealers handle 2m vehicles and 5m household appliances such as freezers and cookers a year

Council contracts out roads

By Michael Skapinker

BERKSHIRE County Council has awarded one of the largest local government contracts to the Babtie Group, the Glasgow-based consulting engineers, to manage its highway and planning services.

Battie will receive more than £30m over four years to handle the council's traffic and road safety services, highway maintenance and waste management. The council said it was the first local authority to hand over its highways and planning services to a private-sector contractor.

Mr Tony Allen, the council's chief executive, said: "The government is planning to extend compulsory competitive tendering to highways and planning services in the very near future and we feel we have given our highways and planning staff a more secure future by getting in first and being in control of the situation."

He said the council expected the contract to mean savings of £1.3m in 1993-4 and increased amounts after that.

Battie will assume responsibility for traffic monitoring, traffic signals, bus schemes and highway and bridge maintenance. It will be responsible for road safety strategy and accident prevention and investigation. It will also take over waste recycling, landfill design, pollution control and monitoring, and preparation of waste disposal contracts.

Of the council's 383 highway and planning staff, 309 will become Babtie employees. Twenty will continue to work for the council, managing the contract. There will be 14 compulsory redundancies and 14 temporary staff will leave. Twenty-six are taking voluntary redundancy, the council said.

Customs & Excise outlines targets

By Andrew Jack

HM CUSTOMS & Excise plans to reduce mistakes in the payment of value added tax - payments that are either under or over - by £3.3bn during 1993-94, according to its management plan published this week.

Estimated gross total receipts of VAT from traders last year are about £280bn. The target includes the collection of £1.5bn in net additional liabilities as a result of under-declaration.

The management plan,

which covers the period 1993-96, includes for the first time a detailed strategic framework setting out the department's objectives over the next five years.

Its four commitments are to encourage openness and participation, maximise career opportunities, avoid compulsory redundancies and ensure that in-house bids for those functions to be market tested can compete fairly.

It says staff numbers will be reduced by more than 5 per cent a year.

The plan says it aims to

ensure that three-quarters of intra-EC trade by value during the first quarter of this year will be reported by May 31.

Ms Strachan said that at the end of March the figure was at 70 per cent of those required to file returns and was in line with expectations.

She said there was additional emphasis in the new plan on the quality of service and on Customs' relationship with the professional and business community.

The plan commits Customs to introducing a new pay sys-

tem and grading structure delegated from centralised pay bargaining by April 1 next year.

Other elements of the plan include evaluations over the next year of the movement of goods in the EC, the collection of trade statistics and dealing with travellers and anti-smuggling controls.

It commits to improving VAT compliance from traders, visiting all newly registered traders within three years and reducing average daily arrears to 4.3 per cent of 12 months' liability.

Militant seeks control of Civil Service union

By Robert Taylor,
Labour Correspondent

THE MILITANT Tendency, the Marxist group, is trying to win control of Britain's largest Civil Service union, the 126,000-strong Civil and Public Service Association.

In the past Militant was quick to deny that it was an organised faction in the union. Now, for the first time, it has launched a public campaign for power in the union's annual elections.

Postal voting starts on Monday for the union's presidency and vice-presidency, as well as for all 18 seats on its executive council. There is growing concern among the present moderate leadership that Militant is poised for victory. Results will be announced on May 10 at the union's annual conference.

Mr Barry Reabottom, the union's general secretary, said yesterday: "The union is in serious danger of being captured by extremists. The Militant is campaigning openly for power in a way it has never done before."

Mr Reabottom said Militant was in a "resurgent and buoyant" mood. "I am deeply concerned that because of the many difficulties our members face, the Militant has an ideal opportunity to exploit the great reservoir of discontent in their favour."

In a leaflet published last week, Militants in the union said they were "openly playing a leading role" in the election campaign and had "initiated calls for a united opposition to the current union leadership."

"This has resulted in an electoral alliance on the basis of opposition to the government's 1.5 per cent pay ceiling and market testing and in defence of union democracy," it says.

The leaflet adds: "Faced with large-scale threats to jobs through privatisation and a virtual pay freeze recommended by the current moderate leadership of the union, CPSA members increasingly are turning to the broad left in which Militant Labour supporters openly play a leading role, for an alternative leadership." It claims the broad left has

almost three times as many branch nominations as the moderate incumbents and suggests it is "heading for a landslide victory".

Mr Larry O'Callaghan, head of the union's Home Office section and an executive committee candidate, said: "Militant supporters are proud and open about our socialist beliefs. It is precisely because of factors such as low pay and the inability of the current leadership to do anything about it that members are increasingly looking for a more positive leadership."

Mr Phil Marston, a Militant member of the union, said: "Politics do not come into it. More and more people are supporting us because we are prepared to stand up and do something about their complaints."

In a leaflet the moderate union president Mrs Marion Chambers urges union members not to allow the Militants to use them as a "political battering ram". She faces a serious challenge from Mr Albert Astbury, a self-proclaimed independent who heads the broad left list.

Anglo-Scottish water pipeline mooted

By James Buxton, Scottish
Correspondent

SCOTTISH Enterprise, the development body in Scotland, may study the feasibility of building a privately funded pipeline to carry water from southern Scotland and northern England to the drought-prone south of England.

The pipeline, which could take 12 years to construct and would involve a 140-mile tunnel

through the Pennines, might cost £1.5bn. But with water a sensitive subject in Scotland - as the Scottish Office considers the possibility of privatising the country's water industry - the idea has already run into opposition.

Scottish Enterprise may contribute £500,000 to a two-year study of the project. Consulting engineer Mott MacDonald is understood to be interested, as is Bank of America, which

is involved in financing other UK infrastructure projects.

The scheme would involve taking water from the rivers Nith, Dee and Annan in south-west Scotland, then gathering water from the rivers Eden and Esk in north-west England before going to the Kielder reservoir in Northumbria. The pipeline would then pass through a 140-mile tunnel to Carsington near Derby, where it would link with the

water supply system for East Anglia and south-east England. In Scotland the pipeline could be extended to bring in water from the river Tay in the southern Highlands.

The Scottish Office is still considering the future of Scottish water and sewerage, currently run by local authorities. Most observers believe that it is not feasible to create water companies and privatise them before the next election.

PosTel puts southern farmland valued at £15m up for sale

By Vanessa Houlder,
Property Correspondent

POSTEL, one of the UK's largest institutional investors, is putting 7,745 acres of farmland up for sale. The fund's proposed disposal follows a decision several years ago to reduce its agricultural land holdings. The value of the four farms for sale in Hampshire and Wiltshire is about £15m, although no asking price has been decided.

PosTel, which invests the pension funds of British Telecom and the Post Office, bought the farms in the mid-1970s. At that time many institutions acquired agricultural property in the belief that it would

prove a good hedge against inflation. This trend was reversed in the 1980s when the funds became disillusioned with the performance of agricultural property.

According to Savills, property adviser, the value of the land has fallen by about 60 per cent in real terms since 1979 to about £1,500 an acre. Values in real terms are at their lowest for 30 years.

Many institutions disinvested from agricultural property in recent years to concentrate on core portfolios. Notable recent deals include the sale by British Coal's pension fund of a 11,500-acre estate in 1990, Guardian Royal Exchange's sale of 23,500 acres of land in 1991, and Norwich Union's

sale of 9,500 acres to the Crown Estate last year.

PosTel said it would start marketing three of the estates in May. The properties are the 2,275-acre Brown Candover Estate near Winchester, the 1,150-acre Manor Farm at North Oakley near Basingstoke and the 730-acre Manor Farm at West Overton near Marlborough.

A fourth estate, the 3,800-acre Longwood Estate near Winchester, is likely to be put on the later. The farms have been managed by Booker Farming for the past eight years.

Mr Richard Denny of Cluttons, which is marketing the Hampshire estates, said he expected the buyer to be a commercial farmer, possibly

one with adjoining land. Mr Andrew Martin of PosTel said he expected "significant interest" in the estates.

Mr Denny said there had been few good quality farms placed on the market in the past year. The shortage of stock and an improvement in farm profitability was likely to lead to a tentative recovery in the agricultural land market, he said.

"There is more confidence in the market although I don't anticipate a dramatic increase in values."

The decline in real property values in the 1980s was largely due to declining farm incomes as a result of reforms of the Common Agricultural Policy, which was producing unsustainably large food surpluses. The

decline was interrupted briefly by rising prices in 1988-89, when land values were boosted by new investors, often wealthy business people wishing to live in the countryside.

But demand evaporated once the recession took hold and prices fell sharply from a peak of £2,500 an acre in 1988 to about £1,500.

The agreement reached over reform of the CAP last year, which will result in the set-aside of 1.5m acres of farmland, took some of the uncertainty out of the agricultural market. The reduction of interest rates and improvements in farm profitability reduced the risk of forced sales of farms.

Another important factor in stabilising farm values was the fall in the value of sterling after its exit from the exchange rate mechanism in September, which boosted farm incomes. According to the Ministry of Agriculture devaluation and lower interest rates resulted in a 23.6 per cent increase in UK farm incomes to £1.8bn last year.

The view that farmland values have stabilised is supported by a recent survey by the Farmland Market Journal and the Royal Institution of Chartered Surveyors. It said although few surveyors expected farm prices to rise this year, a prolonged shortage of new properties on the market could lead to small increases.

BR lobbies over strike

By Robert Taylor,
Labour Correspondent

BRITISH RAIL launched a campaign among its employees at the weekend to persuade them not to join a second 24-hour strike on Friday. Managers at depots and stations across the country have been told to talk to staff and explain that there could be further job losses and dwindling business for the railway industry if disruption continued. On April 2 BR lost about £10m in gross revenue because of industrial action.

BR said yesterday: "We understand the fears which stem from the coming privatisation of the industry but no employer can guarantee jobs for life." Mr Paul Watkinson, BR's employee relations director, believes BR "went a long way on Thursday to meet the demands from the unions". In a document presented to the unions BR reaffirmed that it would "seek to achieve any necessary manpower reductions by voluntary severance coupled with natural wastage and arrangements for redeployment and retraining". It had also promised to "discuss such arrangements with the trade unions and staff representatives at the appropriate level".

BR assured the unions that it would "consult on any proposals for job reductions and contracting out in accordance with established procedures and take measures to avoid compulsory redundancies through the application of current agreements". These offers did not satisfy the executive committees of the two unions but further talks before Friday's planned strike cannot be ruled out. BR remains reluctant to adopt a tougher stance for fear of a complete shutdown of the network. BR's legal advisers suggest it would fail to secure an injunction against the promised strike, which they accept is lawful.

A lock-out would precipitate legal redress from BR's freight contractors, while depriving the unions of the check-off system for paying union dues could not be achieved overnight and would do nothing to resolve the dispute. Separately, London bus crews will not be striking on Friday. Instead, their local representatives meet on April 22 to discuss further industrial action, including another two one-day strikes, a lobby of Parliament in May, and a public petition against plans to privatise and deregulate London's bus services.

Basle, Switzerland, 8 April 1993

To the shareholders of Ciba-Geigy Limited

Notice of Annual General Meeting

Notice is hereby given to the shareholders that the Annual General Meeting of the Company will be held at the Sporthalle St. Jakob, Basle, on Wednesday, 5 May 1993, commencing at 10.30 a.m. (entrance Brülingerstrasse/St. Jakobs-Strasse; the doors of the assembly hall will open at 9.00 a.m.).

Items of business

- Approval of the annual report, accounts, and consolidated accounts for 1992
- Formal approval of the activities of the Board of Directors
- Appropriation of balance sheet profit and declaration of dividend
Profit for 1992 SFr 441,781,358
Profit carried forward SFr 5,905,785
Balance sheet profit at the disposal of the AGM SFr 447,687,143
Dividend SFr 404,152,490
Carry to general statutory reserve SFr 37,528,446
Carry to new account SFr 6,006,207

A total dividend payment of SFr 404,152,490 is equivalent to a gross dividend of SFr 14.- per share or participation certificate of SFr 20.- par value. Payment will be made with effect from 6 May 1993.

Amendments to Articles of Association

In connection with the new company law, the Board of Directors proposes the amendment of various Articles of Association. Registered shareholders will receive the proposed amendments with this notice. The proposed amendments will also be supplied to holders of bearer shares and participants on written request. In addition, the complete text containing the proposed amendments will be published in the *Schweizerisches Handelsamtsblatt* of 13 April 1993, and may also be inspected at the Registered Office of the Company.

Elections

Pursuant to Article 19 of the Articles of Association, the term of office of Alex Krauer will expire. He is eligible for re-election. It is proposed that the term of office of Alex Krauer be renewed. The Board of Directors also proposes the election of Michael Ringier, publisher, resident in Küssnacht, Canton Zurich, as a new member of the Board of Directors.

Appointment of auditors

The Board of Directors proposes the retention of the current auditors, the *Schweizerische Treuhandgesellschaft-Coopers & Lybrand AG*, for a further year.

Appointment of auditors for the Group

The Board of Directors proposes the appointment of the *Schweizerische Treuhandgesellschaft-Coopers & Lybrand AG* for 1993.

Annual report

The annual report (including the accounts and the consolidated accounts) and the auditors' report for 1992 will be open to inspection by shareholders at the Registered Office of the Company from 13 April 1993 onwards. These reports will be sent to registered shareholders: they will also be supplied to holders of bearer shares and participants on written request. The ticket of admission and voting papers will be sent only to those who register, from 15 April 1993 onwards.

Those shareholders entered in the Share Register on 26 March 1993 as entitled to vote will be sent a registration card together with the notice of the Annual General Meeting. After this has been returned, the registered shareholder will be sent a ticket of admission and voting papers. It will greatly assist the Share Registry in its preparations for the meeting if the registration card is returned so as to reach the Company by 26 April 1993. Holders of registered shares not yet entered in the Share Register on 26 March 1993 may obtain a ticket of admission and voting papers from their bankers or direct from the Registered Office of the Company, provided their application for registration as shareholders has been lodged with the Company by 15 April 1993, and is not refused. Holders of bearer shares may obtain a ticket of admission and voting papers from their bankers or direct from the Registered Office of the Company against temporary surrender of their share documents.

Sale of shares

Shareholders who sell their shares before the Annual General Meeting are no longer entitled to vote. In the case of sales of only some of the shares stated on the ticket of admission, the ticket must be presented for correction at the AGM Office (GV-Büro) before the Annual General Meeting begins.

Voting rights

Pursuant to Article 4c of the Articles of Association, no person is entitled to votes representing more than 5 per cent of the total share capital in respect of the aggregate of shares he or she owns plus any shares he or she represents by proxy.

Appointment of proxy

Pursuant to Article 11 of the Articles of Association, a shareholder may appoint as proxy for a General Meeting only his or her lawful representative or another shareholder present in person at the meeting. The instrument of proxy on the reverse of the registration card or ticket of admission must be used for this purpose. A shareholder may also appoint the Company or the independent proxy named on the instrument of proxy, in which case votes will be cast according to the proposals of the Board of Directors unless there are clear instructions to the contrary.

Representatives

Swiss banks and professional securities administrators are asked to notify the number, type, and par value of the shares they represent to the Company as early as possible, and in any event not later than the day of the Annual General Meeting, at the AGM Office (GV-Büro).

Records of resolutions taken

The texts of the resolutions adopted will be open to inspection by participants at the Registered Office of the Company.

For the Board of Directors

of Ciba-Geigy Limited

Alex Krauer
Alex Krauer, Chairman

* Office of the Company Secretary, Klybeckstrasse 141, CH-4057 Basel

Directors size up new rules

Norma Cohen on company compliance with the Cadbury code

THE INK has barely dried on the final version of the Cadbury rules - the definitive rulebook on good corporate governance - and already British corporations are keen to show their compliance.

From June 30 every company whose shares are traded on the London Stock Exchange will be required, as a condition of listing, to disclose in its annual report the extent to which it complies with the code drawn up by the Committee on the Financial Aspects of Corporate Governance which bears the name of its chairman, Sir Adrian Cadbury. The committee has made 19 recommendations intended to improve the functioning of corporate boards of directors. Although UK company annual reports for 1993 will most reflect the changes required, some companies are already expressing in their 1992 accounts their intention to follow best practice.

Ms Gina Cole, secretary to the committee, said: "If there is mass non-compliance, the government may wish to step in." She said the committee would have to look behind published statements to see whether companies really were complying with the code.

THREE corporations have amended their rules so that executive directors are periodically required to seek shareholder approval of their appointment.

Ms Anne Simpson, director of Pensions and Investments Research Consultants, a group which advises shareholders on corporate governance matters, said the three were TSB Plc, British Petroleum and Commercial Union. All three companies insulated executive directors from shareholder endorsement, although TSB required a quarter of its non-executive directors to stand for election each year.

The companies are now seeking changes to their articles which will provide for elections for executive directors. Ms Simpson said: "This is a best corporate governance practice is M&G Group, the UK's largest unit trust manager. M&G, as an institutional shareholder, has taken a vigorous line on corporate governance matters and its chief executive, Mr Paddy Linaker, had urged the Cadbury committee to take a tougher stance on some issues than it did. M&G's 1992 accounts spell out the composition of the audit, remuneration and executive committees and their reporting functions and say that executive directors are employed under one-year rolling contracts of employment. The committee had recommended a change in the Companies Act to cut to three years from five the maximum length of a director's contract. Also announcing their com-

mercial Union. All three companies insulated executive directors from shareholder endorsement, although TSB required a quarter of its non-executive directors to stand for election each year. The companies are now seeking changes to their articles which will provide for elections for executive directors. Ms Simpson said: "This is a best corporate governance practice is M&G Group, the UK's largest unit trust manager. M&G, as an institutional shareholder, has taken a vigorous line on corporate governance matters and its chief executive, Mr Paddy Linaker, had urged the Cadbury committee to take a tougher stance on some issues than it did. M&G's 1992 accounts spell out the composition of the audit, remuneration and executive committees and their reporting functions and say that executive directors are employed under one-year rolling contracts of employment. The committee had recommended a change in the Companies Act to cut to three years from five the maximum length of a director's contract. Also announcing their com-

great step forward for shareholders. The spirit of the Cadbury report is accountability of directors, but these insulation provisions render key executives unaccountable to shareholders. Other shareholder groups, including the National Association of Pension Funds and the Association of British Insurers, have called for insulation rules to be abandoned.

pliance with the code in their 1992 annual reports are British Gas, the management consultants Holmes and Marchant Group, the freight group NFG, and Wellcome. Grand Metropolitan, which violates one of the central recommendations of the Cadbury report - the separation of the roles of chairman and chief executive - also includes a compliance statement. The committee had said that separation of the top roles was desirable but not absolutely necessary if the proper checks and balances were in place. Grand Met's statement, from its non-executive deputy chairman, does not mention the combination of the roles. It does say though that the company complies with 16 of the 19 recommendations.

Group 4 loses third prisoner

BRITAIN'S first private prisoner escort service on Thursday experienced its third escape within a week, Robert Taylor writes.

A 20-year-old man facing traffic charges in Derby escaped by breaking out of the van taking him to court. Group 4 Escort Services started work last week on a five-year contract covering the east Midlands, south and north Yorkshire, Lincolnshire and Humberside. Mr David Evans, general secretary of the Prison Officers Association, yesterday predicted further escapes. "This recurring nightmare will go on as long as this government continues with its dogmatic policy of contracting out prison escorting."

The prison service, which is monitoring Group 4's operation, acknowledged "significant difficulties" and said it would be discussing the problems with Group 4 next week. The company said that "initial difficulties" could be expected. "Our procedures and our vehicles are entirely to the satisfaction of the Home Office who also set the standards for the prison service."

Pilots to vote on action at BA

By Robert Taylor

BRITISH Airways faces possible industrial disruption by its 3,500 pilots that could ground its 200-strong fleet of aircraft and severely affect the company's finances.

Mr Chris Dark, general secretary of the British Airline Pilots Association, warned yesterday that his members at BA would be called on in a ballot later this month to support action up to, and including, strikes.

The cause of discontent stems from the 40 per cent pay disparity between BA's 100 existing pilots at Gatwick Airport, who average £75,000 to £80,000 a year, and 120 less well-paid colleagues formerly employed by Dan Air at Gatwick.

When BA acquired Dan Air last October it established a separate company at Gatwick, European Operations Gatwick. EOG has outlined generally inferior terms and conditions of employment for former Dan Air staff.

Mr Dark said that BA's existing pilots at Gatwick were now being re-deployed elsewhere to

avoid having to increase the salary levels of pilots who previously worked for Dan Air. "They want to create a tier of second-class pilots," he said. "The fear among BA pilots is that this could undermine the whole of their own pay structure."

He also claimed that future pilot recruits for BA at Gatwick would have to accept the terms and conditions enjoyed by the former Dan Air pilots.

But a spokeswoman from BA said last night that the BA pilots at Gatwick would be able to decide for themselves over the next three years whether they moved to BA's main divisions, joined the company's regional division, or EOG. "We are not forcing anybody to do anything," she added. "It is entirely voluntary."

BA had other difficulties in attempting to reconcile the different pay levels of its own employees and those at Dan Air.

Last month BA agreed to drop a plan to impose pay cuts on cabin crew at Gatwick when the Transport and General Workers' union took it to an industrial tribunal.

Tyneside shipyard withdraws notices

By Chris Tighe

SHIP repairer A & P Appledore Tyneside has withdrawn redundancy notices which were served on the entire hourly-paid manual workforce after workers rejected a cost-cutting pay and conditions deal.

The unions at the Tyneside company have also withdrawn their threat of a strike or other industrial action.

The compromise by both sides has cleared the way for talks, due to start on Tuesday, on how the company can achieve cost savings of 10 per cent, said by management to be vital to the company's survival.

The company, part of A & P Appledore Holdings, said: "It means everything is open to discussion again. We've cleared the air for the real talks on the real issue, which is to reduce operating costs."

The GMB general union said: "We're back where we started, everything is off the table."

When the 12-week redundancy notices were served in February the 350 workers were told that if they wanted to work for the company beyond mid-May they had to accept new terms of employment.

The rejected package included a pay freeze, lower pay rates for temporary workers and reduced idle time payments during lay-off periods.

After an unofficial one-day strike last month the staff, who work in repair yards at North Shields and Wallsend, backed industrial action in a ballot by four to one. The management said three contracts had been lost because of the strike threat.

In an agreed statement, issued after talks this week which led to the compromise, the two sides said: "We are determined to resolve all our industrial relations problems internally without any effect on our customers."

Union warns Mercury over redundancy anger

By Diane Summers,
Labour Staff

THE National Communications Union has accused Mercury Communications, the Cable & Wireless subsidiary, of failing to carry out compulsory redundancies properly.

The union has warned Mercury that it could face industrial tribunal cases from former employees.

The union, which is not recognised by the company, has written to Mr Robert Johnston, Mercury's personnel director, alleging that the company has not looked for suitable alternative jobs for all employees who face redundancy.

sultation procedures are inadequate and the selection criteria for redundancy are sometimes vague.

About 50 employees out of the workforce of about 9,000 were made redundant last year, following a reorganisation.

The union says there could be as many as 200 further compulsory redundancies as the result of an efficiency drive.

Mr Johnston dismissed the figure as "scaremongering" and said almost all of the 200 were likely to be redeployed because there were also currently more than 700 vacancies in the company. It was expected the workforce would grow by

about 1,000 in the current financial year, Mr Johnston said.

A redundancy policy had been formalised during the past year and staff had been fully consulted, he added.

One or two of the redundancies might not have been handled as well as he would have liked and some staff could have "left feeling bitter about their experience".

The union, which has the bulk of its membership in British Telecommunications, says it has just under 700 members at Mercury. Mr Johnston said the company preferred "to deal with individuals as individuals" rather than through a union.

LEGAL NOTICES

NOTICE OF MEETING OF CREDITORS
THE INSOLVENCY ACT 1986
RE BRADSHAW (UNDERWRITING) AGENTS PLC
Company Number 165594
NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a meeting of creditors will be held at the New-Beckton Hotel, Central Street, London EC2V 8JF on 20 April 1993 at 12 Noon for the purposes mentioned in Section 98 of the Act.
Creditors wishing to vote at the meeting must bring a proxy, together with a statement of their debt, to the offices of Robert Rhodes, 100 City Road, London EC2V 8JF on 16 April 1993 and 19 April 1993 between the hours of 10.00 and 16.00 hours.
Dated the 12th day of March 1993
Robert Rhodes
Secretary

EGYPT

With the country's economic reforms continuing apace, on the 22nd April, 1993 the Financial Times will be publishing a major new survey on Egypt.

If you would like to advertise within this survey contact:

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Weekend April 10/April 11 1993

Homes versus enterprise

IS THE British personal sector about to change the habits of a lifetime in the way that it saves and invests?

For the best part of half a century, privately owned housing and collective forms of investment such as occupational pensions have claimed a disproportionate share of the asset side of the household balance sheet. Yet suddenly there are signs of a change. Last year, as house prices continued to fall in nominal terms, private individuals ceased to be net sellers of company securities and emerged as buyers of £4.7bn-worth of shares. If the trend were sustained, it would amount to nothing less than a financial revolution.

At first sight, it may seem perverse to raise the possibility of a shift in deeply entrenched behaviour just when demoralised home owners are seeing the first tentative evidence that the housing market is beginning to stir. But one month's figures from the building societies, which is all the evidence amounts to, hardly count for much.

While the ratio of house prices to earnings is below its average level of the past 25 years, it is still well above the level in earlier troughs in 1970, 1977 and 1982. After the biggest of all the post-war housing booms and busts, it would be surprising if the trough turned out to be shallower than in earlier downturns, especially when the fall in nominal prices has been so severe that the speculative investment premium in house prices may well be disappearing.

New incentives

Moreover, the pattern of previous troughs has been for the price-earnings ratio to remain broadly stable for two or three years once the bottom of the cycle has been reached, as a backlog of transactions works its way through the market. House prices could thus bump their way along the bottom for two or three years, once again, before turning up. And by the second half of the 1980s, demographic factors will probably militate against a big upturn.

The more substantial arguments for believing that the rules of the game have changed rest on a new

and different pattern of incentives. The tax system has long favoured investment in collective savings vehicles and in home ownership. But the fiscal carrots are getting leaner by the year.

On the investment side of the equation, life assurance premium relief is long gone. Since Mr Lamont's latest Budget, the fiscal reliefs for pension fund investment are under attack, on an arbitrary basis that leaves pension funds vulnerable to further impositions in future. Yet private investors now have a powerful incentive to invest in the stock market directly via personal equity plans.

Mortgage relief

In housing, the exemption from capital gains tax remains an important fiscal privilege. Yet the value of mortgage tax relief has been reduced in successive budgets and further eroded by inflation. The shrinkage in the private rented sector over a period of several decades means that the alternatives to home ownership remain inadequate. But this is a battle which the government will one day have to grasp.

It is, however, too soon to declare that the 1990s will be the decade of the private equity investor, not least because of the costly impact of the Budget's Advance Corporation Tax measures on higher rate taxpayers.

But the market is undeniably becoming less institutional, with pension fund cash flow falling from £16bn in 1990 to a mere £4.4bn last year, reflecting a combination of contribution holidays and the increasing volume of pensions in payment. As in the US over the past two years, private investors may also be tempted to continue investing in expensive-looking equities because they incur an income penalty by putting money into building society deposits, rather than equities or gilts.

Thus far, it looks less like a revolution than a slightly haphazard set of steps in broadly the right direction. The definitive verdict on whether enterprise is to enjoy larger rewards than home ownership in Britain will hinge above all on the course of monetary policy between now and the next general election.

Old wine in new bottles

THE NEW French government's policy statement, presented by Mr Edouard Balladur, the prime minister, to parliament on Thursday, was intended to herald an era of "reform and renewal" after years of Socialist mismanagement. Yet the economic policies announced by Mr Balladur, apart from a privatisation programme, are not very different from those of his Socialist predecessor.

That, after the electorate's clear vote in favour of change, is the most significant feature of the current French situation. The political consensus on close links with Germany within a European Monetary Union is now so complete that a new government has little flexibility in its choice of economic policies.

Mr Balladur's declaration that the preservation of the current parity between the franc and the D-Mark, the so-called *franc fort* policy, remains an absolute priority, is tantamount to an admission that the Bundesbank holds the key to France's economic prosperity in the coming months.

Economic recovery in France, which is expected to experience negative growth this year, is dependent on lower French interest rates. Given the *franc fort* policy, that will be allowed to happen only if the Bundesbank leads the way more decisively than it has done so far in reducing interest rates. Nor can a substantial fall in the exceptionally high level of unemployment, now exceeding 3m, or 10.5 per cent of the active population, be expected until such a recovery takes place.

Paris-Bonn co-operation

It is clearly with an eye to future Franco-German co-operation within Ecu that the prime minister announced plans to make the Bank of France more independent, though the extent of that independence remains unclear. In France, the governorship of the central bank is traditionally held by former treasury officials, so the government's grip on the bank's policies will certainly remain greater than that of the Bonn government over the Bundesbank.

Mr Balladur, however, hopes that, once both central banks are able to talk to each other as independent equals, the Bank of France will have a much greater

influence on German interest rates than it has now. That is by no means a forgone conclusion. The Bundesbank's stubbornness in defending purely German interests should not be underestimated, as its recent interest rate hike has demonstrated only too clearly. In spite of his generally moderate and conciliatory tone, Mr Balladur fiercely defended France's national interests in the Gatt trade negotiations, particularly in the agricultural field. Stressing that France had no intention of losing its place as the world's second largest exporter of farm products, the prime minister demanded that agricultural problems should not be singled out from other issues in the talks.

Uruguay Round

His emphasis on the harm that had been done to French agriculture by the reform of the European Community's common farm policy and on the further damage that the Gatt talks could cause, do not appear to bode well for either the Uruguay Round or relations between France and some other EC members, such as Britain. Yet it was significant that he stopped short of demanding a renegotiation of the CAP, calling merely for adequate compensation for farmers in return for price cuts. The widely forecast clash within the EC on this problem may thus still be avoided.

Mr Balladur was given a standing ovation by the conservative-dominated parliament, in spite of his Churchillian warning that it would take five years of blood, sweat and tears to put France back on its feet. But the government's problem is that the electoral calendar to which it has to work does not give it that long. The next presidential election is only two years away. Mr Jacques Chirac, the Gaullist leader and presidential candidate, for one, will want to see results much earlier to boost his prospects.

If the Bundesbank does not come to the rescue fairly soon, the political pressures to abandon the central plank of Mr Balladur's economic policy, the *franc fort*, and to go for growth might thus become irresistible. It is within the next five months, rather than the next five years, that the die will be cast.

It did not take long for Euro Disney to realise one could go broke overestimating the taste of the European public.

When the theme park outside Paris was built, Euro Disney believed visitors would want sit-down meals and souvenir sweat-shirts with discreet logos of Mickey Mouse. Instead they wanted take-away food and Mickey Mouse logos big enough to cover their chests.

Mr Philippe Bourguignon, the Frenchman who was appointed Euro Disney chairman last January, says: "Each time we tried to Europeanise the product we found it didn't work. Europeans want America and they want Disney, whether French intellectuals like it or not."

When Euro Disney celebrates its first anniversary on Easter Monday, it will look back on a year in which knowing what customers wanted proved more difficult than predicted.

The company, which expected a profitable start, made a net loss of FF933m (\$42.5m) in the year to September 30 1992, which included its first six months of full operation. In the first quarter of the current year, it recorded a deficit of FF492m.

High French interest rates have made Euro Disney's FF181m debt more onerous than expected. Inflation, the salvation of many an indebted developer, is currently running at only 2.1 per cent in France, compared with the 5 per cent Euro Disney projected. Occupancy at the park's six hotels has averaged 55 per cent, compared with an expected 68 per cent. One of its hotels had to be closed for most of the winter. Spending on both food and merchandise is lower than expected.

Although it has learned from some of its initial mistakes, profitability is still years away. Just when the theme park begins to turn a profit will be influenced as much by Euro Disney's efforts to ease its financial burden as by management initiatives to improve its operations.

Mr John Forsgren, finance director, says the company will not make a profit either this year or next. Ms Rebecca Wilmington-Ingram, European leisure analyst at Morgan Stanley in London, expects the group to record a deficit of FF769m this year and to produce losses of FF670m in 1994 and FF632m in 1995. She does not expect Euro Disney to make a profit until 1996.

Not all is gloom, however. In the spring sunshine, there are long queues for the Pirates of the Caribbean and the Star Tours intergalactic voyage. Mr Steve Burke, executive vice president, says the company will meet its first-year target of 11m visitors by the end of this month. After a disappointing start, Euro Disney had been expected to miss its target by 500,000.

The improved attendance figures are the result of an intense focus on the French market. Initial visitor figures from the UK and Germany exceeded expectations, but French attendance was disappointing, despite the specially built RER suburban railway extension linking the park with central Paris. In the first four months, Euro Disney attracted more British visitors than French.

Mr Bourguignon puts the initial lack of French interest down to "the Eiffel tower syndrome". People do not have a sense of urgency about visiting an attraction in their own back yard, he says.

To boost attendances, Euro Disney offered residents of the Paris area discounts of up to 30 per cent on the FF225 admission price during the first three months of this year. Giving local people discounts,

After a year of losses, Euro Disney realises that its customers want a theme park with a genuine American flavour, say Michael Skapinker and Alice Rawsthorn

An older, wiser Mickey Mouse

known as "resident salute", is a feature of Disney's US parks. Euro Disney also sent sales teams to French schools and companies, offering reduced group rates during off-peak periods.

The result was that French visitors accounted for over 35 per cent of the total for the year, compared with 29 per cent in the first six months. British visitors made up 15 per cent of the total for the year, with Germans a short distance behind. Mr Bourguignon estimates that one-sixth of the 12m residents of the greater Paris region have now visited the park.

Euro Disney has paid a price for the improved attendances, however. Mr Forsgren says that about half the visitors to the park since January have paid reduced entrance fees. Local visitors also spend less in the park than those coming from further afield.

Mr Bourguignon says the Parisian weather has not been the problem many of Euro Disney's detractors predicted. The park was full over the Christmas period when temperatures were below freezing. Nevertheless, he says, seasonal variation has been much sharper than anticipated, with attendances particularly low on weekdays when schools are in session. To encourage visitors during these quiet periods, Euro Disney is to offer winter admission prices 30 per cent cheaper than in summer.

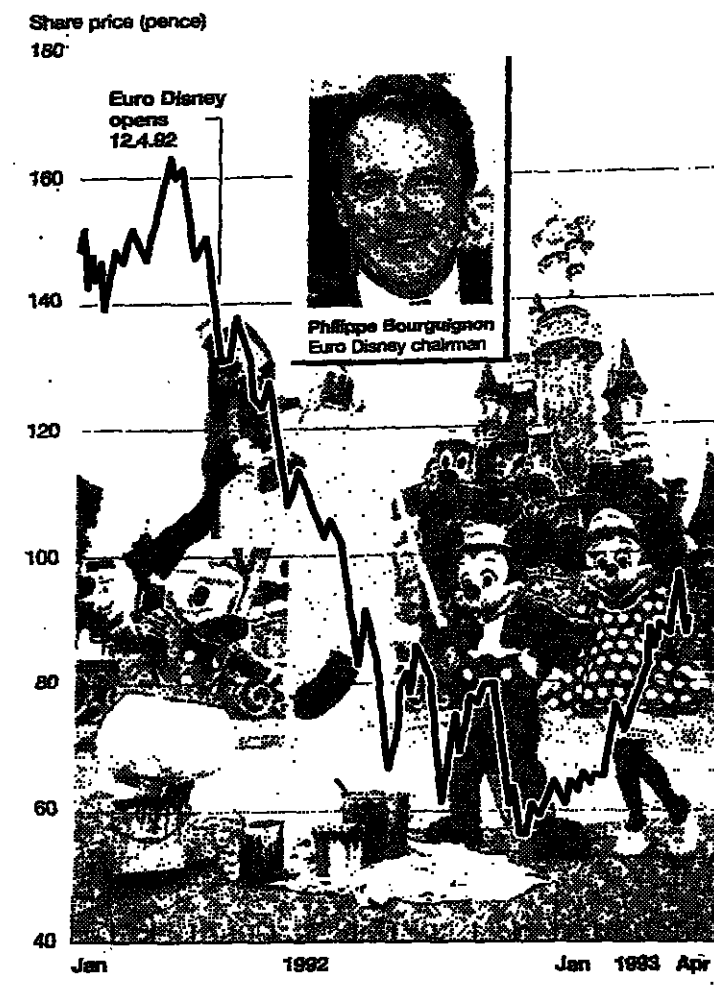
Euro Disney executives say they now have a clearer idea of what visitors want. Apart from more take-away food and fewer sit-down restaurants, they prefer Disney-branded souvenirs to general merchandise. They also want cheaper meals and souvenirs. Children want more opportunities to shake hands with Disney characters, who are even more popular in Europe than in the US.

But if they prefer American products, visitors to the park still display European behaviour patterns. Mr Burke says that while Americans will eat lunch at 11.30 am or 3 pm, Europeans insist on eating between noon and 2 pm, creating long queues at the restaurants. To try to persuade them to eat earlier, Euro Disney now has a morning parade in addition to the two later in the day. Mr Burke says if a parade ends at 11.30, people are more likely to eat before they do anything else.

Euro Disney executives say even the way Europeans travel to the park is different from in the US. There are fewer cars than expected at Euro Disney and many more coaches. The company originally built a recreation room for 30 coach drivers. One day last year, there were 900 coaches in the car park. The company is now building a new cafeteria and recreation room for 700 drivers.

While the 12,000 "cast members" seem more assured and competent

Euro Disney: a rollercoaster ride



than a year ago, they also seem more European than American. Two Euro Disney staff could be found telling visitors to the park last month that Sleeping Beauty's Castle was closed because of overcrowding. When will it be open? "We don't know," they shrugged, with that time-honoured European insouciance which suggests that not

'Each time we tried to Europeanise the product we found it didn't work. Europeans want America'

knowing is one of the perks of the job.

Mr Bourguignon says he is pleased with the cast members' "enthusiasm and creativity", and that first-year staff turnover of 34 per cent was below the tourist industry average. Nevertheless, he says, the company wants greater flexibility in deploying employees, particularly during quieter seasons. He says he wants to encourage

staff to take holidays in November and January, when business is slackest. He also wants them to work in different parts of the park during the day. Catering staff might work in the park during the afternoon and at the hotels in the evening. Mr Bourguignon wants to increase the company's pool of part-time workers, taking advantage of recent changes in French labour law which have made hiring part-timers less expensive.

Mr Forsgren says Euro Disney hopes to make savings in its second year by using fewer staff this summer than last. "We intentionally overstaffed last year, particularly in areas such as security, because we had no idea what to expect," he says.

The company will retain its minimum team of around 10,000 employees for the low season but will reduce the number of people employed in the summer high season from last year's peak of 19,000 to between 15,000 and 16,000.

France's new conservative government is committed to reducing interest rates, which should help Euro Disney. Mr Forsgren says the company is trying to renegotiate the terms of its debt. "Our objective

is clearly to reduce the interest burden. There are a number of different strategies under consideration but we haven't taken any decisions yet," he says.

The group repays FF9.5bn of its debt at floating interest rates and the remaining FF8.5bn at fixed rates. It initially expected to repay the floating FF9.5bn at 9 per cent, but has had to pay an average rate of 2 percentage points more, adding FF200m to its annual interest bill.

Lower French inflation has made it difficult for the company to raise prices, particularly at a time when the French franc is relatively strong against other currencies. Mr Forsgren estimates that lower inflation has cost the company about FF100m.

Euro Disney originally hoped to reduce its debt by raising capital from the sale and lease-back of five of its six hotels and developing property around the park. But both schemes have been scuppered by the sluggish economic environment. The property development plan, expected to provide FF100m in capital gains last year and FF200m this year, is on ice until Paris property prices recover. The hotel programme, scheduled to start next year, has been postponed because of the weak condition of the European leisure market.

On the operating side, one of the biggest challenges is to persuade more non-Parisian visitors to stay in on-site hotels. The problem is that, in contrast with the group's Florida park, Euro Disney is too small to warrant a stay of more than two days. The company is opening six new attractions, including Le Temple du Peril, a train which takes visitors on "a thrilling high-speed chase through an archaeological dig in a dense rain forest", and Legends of the Wild West, featuring "a native American Indian who will help transport guests back in time to the days of the American Wild West". But plans to open a second theme park, which would give visitors a reason to extend their stay to several days, have been put back a year to 1996.

Mr Bourguignon says he would like to see more visitors using the Euro Disney hotels as a base for exploring Paris. The only reason that has not happened yet, he says, is that the Paris tourist industry has been depressed and hotel rooms in the city have been easy to find.

He adds that Euro Disney needs to persuade its customers that the hotels, each with their own theme, are an important part of a visit to the park. There is, for example, the Hotel New York, built to resemble the Manhattan skyline, the Sequoia Lodge, designed to evoke images of US national parks, and the Cheyenne, intended to convey the feeling of a Wild West frontier town.

Mr Bourguignon says: "We probably haven't emphasised the whole experience sufficiently. The Cheyenne is not just a sleeping box - it's an experience."

During one guest's recent stay at the New Mexico-style Hotel Santa Fe, there was no shampoo in the bathroom, the handle of the minibar came away in the hand (as did the controls of the shower), a previous occupant's drinking straw lay on the carpet, and a defective telephone resulted in a red "message waiting" light flashing throughout the night.

The park is spotless and in good working order. The hotel "experience" - so important to Euro Disney's success - might need some upgrading.

MAN IN THE NEWS: John Patten

Tough test for the nation's headmaster

Mr John Patten waited nearly 13 years to get his big job. Perhaps he was promoted too soon. For more than a decade the man who today reveals in the title of secretary of state for education sat fretting as the under-secretary for this and the minister of state for that while others of his generation or thereabouts whizzed past him. They entered the cabinet room of No 10 Downing Street. He waited outside. The list of those who scaled the heights before his own elevation is lengthy: William Waldegrave, Chris Patten, John Major, Michael Howard, Peter Lilley, David Mellor. There is no evidence that John Patten regarded any of them as his intellectual superior.

At long last, after the April 1992 election, he was made what he likes to call, only half in jest, "the nation's headmaster". One year later he seems about to preside over a period of chaos in the nation's schools. He has painted himself into a corner. Everyone seems to be against him - teachers, their trade unions, some parents and school governors, even the Thatcherites and right-wing think-tankers who provided the original motivating force for setting up a national curriculum and a system of testing.

By no means all of this is Mr Patten's fault. The unwieldiness of the national curriculum and its associated assessments of pupil progress were built-in by his predecessors. The original framework set out in Mr Kenneth Baker's seminal 1988 Education Act, was worked upon by civil servants and educationists and made so complicated as to contain the seeds of its own possible self-destruction. Yet it has been Mr Patten's job to persuade

teachers of the merits of the government's education reforms. From the start he appeared to shrink from that task, preferring to rest on the authority of the law, the dignity of his office, and his commendable decision to send his daughter to a state school.

Immediately after his appointment he went into hiding. He emerged to visit schools, but he resisted meetings with the teachers' powerful trade unions. He huddled with his civil servants, but hoarded the time available to outside advisers. A colleague of his, a close friend, explains that the secretary for education is rather shy. Perhaps he is. To outsiders who see him on television he seems affected, sometimes pompous. In close-up, in private, he is affable, witty, a healthy ambitious minister of unproven ability in a cabinet in which few are outstanding and most are grey. Yet the bedding-down of the Baker reforms is one of the most important tasks on the government's agenda. It can only be accomplished by a minister of outstanding ability.

Mr Patten's qualifications for this historic post remain unproven. He belongs to neither of the two tribes associated in the popular mind with Conservative politicians. He is not an aristocrat, nor is he one of the self-made newly-rich. The son of a gardener, he became a lecturer at Oxford, a piece of personal history that he likes to cite as evidence of his suitability for his present position. He regards himself as an intellectual, although his musings and writings on the British constitution suggest that on that topic at least he does not have an original thought in his head. A devout Roman Catholic and family man, he is, as he cheerfully confesses, able

to live decently enough on the combined earnings of himself and his wife. A successful management consultant. To his credit, he believes in the application of moral principles to public affairs.

When he was minister of state at the Home Office he was able to go to his nearby flat for lunch. Perhaps he should have stayed at his desk, nibbled at a sandwich, and sought to refine the clauses in the criminal justice bill that are now under attack by both the police and the judiciary.

Political life is unfair: a junior minister (as he then was) should not be held responsible for an important piece of legislation, but Mr Patten's detractors are now reminding us that he piloted the bill through the House of Commons. The resulting legislation has been widely criticised for its laxity towards persistent young offenders.

This weekend his mettle is being tested as never before. Other ministers before him have wrestled public sector interest-groups to the ground: Mr Kenneth Clarke roughed up both the teachers and the medical profession and got away with it when Mr Baker came to office the teachers were on strike. He saw them off. Mr Waldegrave was the subject of much public ridicule during his period as secretary for health, but the National Health Service reforms went ahead. The difference in Mr Patten's case is that the government itself is held in uniquely low esteem, the Conservatives' majority in parliament is slim, and the minister appears to have no allies.

That could change. On Wednesday the previously inflexible secretary for education promised a thorough review of both the curriculum and the tests, bowing to the general demand for simplification. He did, however, insist that this year's tests go ahead: the review comes in 1994. It was as near to a complete roll-over as could be expected from any minister, yet the unions are saying it is not enough.



Patten: the education secretary's mettle is being tested as never before

Mr Patten therefore appears to be in a trap. He can make further concessions, and scrap the 1993 tests. That would put paid to his credibility as a minister. Alternatively, he can stand firm and risk a chaotic summer in the schools. He may play for time, awaiting the outcome of an appeal by Wandsworth council against last week's court ruling that the boycott of tests proposed by one of the teaching unions is unlawful. A higher court could rescue him. Failing that, he might try a rushed change in the law to declare

boycotts illegal. The trouble is that he could not be certain of getting that through an unpredictable House of Commons.

There is one other possibility. The teachers' unions may well over-reach themselves. A public opinion that Mr Patten was clearly inflexible might turn around when he and the union leaders are plainly going too far. His offer of a complete review partly based on the experience gained in this year's tests makes sense. They should therefore go ahead. If he proves able enough, and lucky enough, to turn the public against the unions he will save the curriculum, testing, and his own reputation.

Joe Rogaly

مكتبة التحصيل

Blurred vision of a split personality

The worst may be over for John Major, but he has yet to establish a distinct identity for his administration, says Philip Stephens

It has been a wretched year. Mr John Major's government has been judged to have had a bad luck. It has left the prime minister struggling to establish a sense of purpose for his administration. The nation has been left to ponder whether he or his party have the will to do so.

In fact the odds are that the worst is over. Mr Major may yet face the shock of a defeat in next month's Newbury by-election. But beyond that a gentle economic recovery should bring with it a modest upturn in the government's fortunes.

For what it is worth in such feeble times, the consensus at Westminster is that Mr Major will lead his party into the next general election, and he has a good chance of winning it.

But no one, these days, is prepared to bet too much of their own money on such predictions. The prime minister cannot rest easy until the Maastricht treaty is ratified. If by some fluke the opposition parties and the Conservative Eurosceptics manage to overturn the natural pro-European majority in the House of Commons then he will fail. For those who like betting on outsiders, the bar-room betting on that possibility among Conservative MPs oscillates between five and 10-1.

The assumption, though, must be that Mr Major will govern for at least the next three or four years. The question that must then be answered is how.

Even in his own cabinet no one is quite sure. Some believe that the legacy of the past year may drive the prime minister into another burst of Thatcherite radicalism in an attempt to placate his party's right wing. The Tory right has the welfare state firmly in its sights.

Others are convinced that once free of the snare of Maastricht he will reassert the social market Conservatism with which he always intended to replace the ideological passions of his predecessor. Others still, in private moments, confess that they simply do not know. There is no agreed route map.

His election victory on April 9 1992 promised to liberate the prime minister from his party's past and stamp his own identity on Conservatism. Instead the 12 months since have shown us two John Majors.

The first remains the careful, shrewd, political tactician who outflanked his more experienced rivals to steal the succession from Mrs Margaret Thatcher. It is a persona still visible to those around him: in his clarity of thought at cabinet meetings; in careful judgements of the mood of the party; in an instinctive preference for pragmatism over ideology.

At least one of his most senior colleagues is convinced that Mr Major was the only leader capable of holding together the Tory party during the past year. Under anyone else the European issue would have split the Conservatives for a generation.

Other colleagues remind him that it was Mr Major's preference for consensus over confrontation that won an election which his predecessor almost certainly would have lost.

It is this side that persuades the prime minister that he will survive. There has been the odd moment during the past year when he has suggested that he would not be hard pressed to build a life outside politics.

If he had lost a crucial Maastricht vote last autumn he



probably would have quit. Yet far more frequent have been the private occasions when he has lifted his horizon above not just his immediate problems but also the next general election to speculate on the shape of a Majorite Britain in 2000. He intends to stay.

Here though we come to the second John Major. This politician has appeared an uncertain leader, hamstrung by a small parliamentary majority. His pragmatism and a tactical rather than a strategic focus have left him too often looking weak and insecure. This prime minister has yet to find a rhet-

oric, still less a more solid framework, for the brand of Conservatism he sold to the electorate only a year ago.

The trauma of sterling's exit from the European Exchange Rate Mechanism, the depth of the recession, the civil war over Europe, and the coal industry debacle, have left him subject to sharp swings in mood.

At one moment the Conservative Eurosceptics are reviled and threatened. The next they are courted, assured that Maastricht is an obstacle to European integration.

The prime minister promises to build an industrial strategy to replace the ideological indifference to manufacturing of the 1980s. Then, accused of ditching Thatcherism, he protests the change is one of style rather than substance.

There have been many occasions when the first Mr Major appears determined to lead. But too frequently there have been others when he has preferred appeasement.

So enthusiasm for the consensusism with which he replaced the blinding conviction of his predecessor has given way to doubts about whether he can set his policies within a long-term strategy.

Mr Major blames bad luck. Who foresaw the slide into world recession? Who predicted the No vote in the Danish referendum on Maastricht? Who guessed that the ERM could be so badly fractured by the speculators?

But in politics bad luck and poor judgment are impossible to disentangle. Voters rarely distinguish between them. It was the prime minister who decided first to make the ERM the core of his economic strategy. He negotiated Maastricht. Who else can be blamed for the appalling state of the public finances and the broken pledge not to raise taxes?

The cabinet must accept collective responsibility. There are notable exceptions - Mr Douglas Hurd, Mr Kenneth Clarke and Mr Michael Portillo among them. But too often other senior ministers have looked exhausted and bewildered. Too many of them are politicians whose ambition to reach the top has long taken precedence over a coherent philosophy for government. When Mrs Thatcher took the decisions there was no need for

others to dabble in the world of ideas. There is now.

After the pain of the past few years the electorate will demand more than a gentle economic recovery. The prime minister needs to find a tune to which the country can whistle.

He has policies. Sometimes it seems too many - for education and training, for standards in public services, for privatisation, for the promotion of individual responsibility and ownership, for local authorities and, perhaps, for manufacturing industry.

It is possible (not certain) that a credible medium-term economic policy will emerge eventually from the ashes of the ERM. It can be argued that if and when Maastricht is ratified, the less ambitious mood in the rest of Europe will restore to Britain a voice in shaping its future. But heads need a thread.

The risk is that Mr Major will remain a prisoner of his small parliamentary majority. He may steer too far in the direction of the Eurosceptics. He could be driven to mount the assault on the welfare state that his predecessor never dared. Events rather than his own sense of purpose would then remain the guiding force of his government.

To avoid the trap Mr Major must establish the personal political presence - at Westminster and in the country - which has so far eluded him. It may well be that the age of heroism in British politics has long since passed.

Margaret Thatcher was the exception rather than the rule. James Callaghan, Edward Heath, Harold Wilson and Harold Macmillan are more appropriate yardsticks against which to judge the present prime minister. But in their different ways all of those leaders managed to imprint on the nation's consciousness a distinct political identity. Mr Major must do the same.

Spain's Socialists meet today to try and resolve a damaging split, writes Peter Bruce

Once more up to the brink

Mr Felipe Gonzalez is an old hand at brinkmanship. The Spanish premier resigned as leader of the Socialist party in 1979 when it refused to drop Marxist doctrines. He later returned to reclaim. In 1986, he threatened to resign as prime minister if Spain voted in a referendum against staying in Nato. The tactic paid off.

Today, Mr Gonzalez, prime minister for nearly 11 years, may put the gambit to another difficult test. A scandal over allegations that the Socialist government had funded their 1989 general election campaign has prompted a damaging dispute between Mr Gonzalez and the party apparatus. The premier is once again suggesting that he might be forced to resign from the party leadership.

The party has been shaken by its poor showing in recent opinion polls. Mr Gonzalez has invited a secret meeting of moderate ministers and regional party leaders last week to hear a series of complaints about the party administration and the government's reluctance to stimulate economic recovery.

As the party executive committee begins a crisis meeting in Madrid this morning, its members are playing, in the words of El Pais, the country's leading newspaper, "not only with their credibility... but probably their very existence". If Mr Gonzalez goes - regarded as unlikely - the Socialists face a heavy defeat in elections which must be held by the end of November. If, instead, senior party officials resign, it could badly hurt the organisation of the campaign.

Either way, the Socialists' dominance of Spanish politics may have been weakened in the past five days. It has all happened very quickly. A month ago the Socialists were just another governing party faltering in the polls ahead of an election. There seemed plenty of time to recover. But it has been a long month. In a poll in El Pais, support for the Socialists dropped to the same level as the conservative Partido Popular, hopeless outsiders a few months ago. Official statistics, meanwhile, showed that unemployment had risen to a record 3.04m and the economy had fallen into recession.

Worse, tax inspectors confirmed two years of newspaper reports that senior Socialists had run a group of bogus consulting companies through which they received money from big business. The takings are believed to have helped finance the 1989 election campaign. A few days later Mr Gonzalez was booted at a university campus in Madrid.

Last weekend a Spanish news agency asked him if he planned to seek the resignations of the deputy party leader, Mr Alfonso Guerra, and its chief administrator, Mr Jose Maria Benegas, over the financing scandal. They deny any personal or party involvement in the affair. No, the prime minister said, "I have not even been tempted to try to personalise this except in regard to myself... As a political leader my job is to take responsibility. We will have to trust in the courts because people have a right to know the truth about the scandal. But I believe people want us to assume political responsibility."

Mr Gonzalez's comments set off a week of ferocious party infighting. He appeared to imply that if someone did not own up to the scandal and resign, then he might. The prospect worried the financial markets. The Bank of Spain was forced to intervene to support the peseta.

Mr Benegas and Mr Guerra, left-wingers who are contemptuous of the prime minister and his centrist cabinet, saw Mr Gonzalez's statements as a direct threat to their power. Late last Monday, seeking to defend themselves, they released a letter of resignation sent by Mr Benegas to Mr Gonzalez on April 1. It did not mention the scandal. Instead, it was a strongly worded appeal for support against what he and Mr Guerra, a former deputy prime minister, believe is a conspiracy of moderate ministers to take control of the party. Publication of the letter had the desired effect. The issue - political responsibility for a possible crime - gave way to a call for party unity. Battle lines formed between the party apparatus and the government's moderates, including Mr Gonzalez.

If this is a mess, then Mr Gonzalez is largely to blame. He has ignored the party for years to concentrate on economic management and foreign affairs. Now he cannot even count on a majority on the executive committees. Should he resign as party leader, he would remain as prime minister but would not stand in the forthcoming election. Without him the Socialists would probably lose heavily.

As a result, most political analysts doubt he will go. But resignations from within the party will also be difficult to secure. The only departure that would have much political effect is Mr Guerra's. But he is a professional political administrator and determined to stay.

A possible solution is a fudge, in which an upright Socialist figure, possibly the young Basque leader Ramon Jauregui, is asked to head a committee of respected figures to "oversee" the current party machine through the elections. A compromise solution, however, would resolve only the problem of party unity and not the financing scandal facing the Socialists. This could become even more damaging as newspapers leak further details of the allegations.

Such considerations could affect the timing of an election. Mr Gonzalez has so far favoured waiting until the last moment - late November - in the hope that the economy recovers. But he may be tempted to act more quickly. On April 20 the prime minister is due to give the state of the nation address to parliament and if the scandal is shoved aside in the interests of party unity today he may use the occasion to call an early general election.

He will certainly be aware that the Socialists cannot afford another week like this. For the first time in a decade it is they, and not the conservatives, who are in disarray. Unless they can put their house in order, they may find their electoral fortunes suffer the same devastating reversal as their French counterparts.

Charles Batchelor on 3i's bumpy road to a market listing

Fear of floating

For a business with so much experience of bringing other companies to market, investors in industry (3i) is having considerable difficulty managing its own flotation. And for an organisation with a reputation for sobriety verging on staidness, Britain's largest venture capital company has given its plans to list a surprising air of drama.

The unexpected announcement on Thursday that 3i's shareholders had postponed indefinitely plans for a float and that Alan Wheatley, chairman for just nine months, was to resign, was the latest in a long line of setbacks.

The cancellation of the float brings back to the fore an implicit conflict of interest between 3i and its shareholders - principally high street banks and the Bank of England - in the provision of finance to small business. The glacial progress towards the stock market has also ground down the company's chairmen. When Sir John Cuckney, Mr Wheatley's predecessor, took the helm five years ago it was assumed that he would steer the company to the market. But bringing the banks into line proved more difficult than expected, causing a frustrated Sir John to step down in 1992 to clear the way for the final push. This was to be led by Mr Wheatley, a former senior partner of Price Waterhouse, the accountancy firm.

Now he too has given up in frustration. Sources close to 3i's management suspect the banks have become concerned at the ambitious expansion plans being hatched by the 3i management and decided to delay any action. The company was working on a plan to raise extra capital at the time of the listing; a more aggressive 3i, willing to consider possible mergers with other financial groups, was in prospect.

The difficulties of one company - admittedly a large one - coming to the stock market might be of only passing interest but for 3i's crucial role as a provider of equity and long-term loan finance to small and medium-sized companies. It typically takes a minority stake in small businesses with growth potential and provides financial resources. The ultimate aim is to enable a stock market listing or to sell the holding to another investor.

Yet so long as 3i's managers are absorbed with the unresolved issue of the flotation they will be diverted from their main task of helping small companies to rebuild their balance sheets at a time when the recession is showing signs of bottoming out.

3i no longer dominates the private equity market in the way it once did. But with more than 4,000 companies in its portfolio, it is still a significant player. Established in 1946 as the Industrial and Commercial Finance Corporation with the backing of the Bank of England and the clearing banks, 3i was set up to help finance the postwar reconstruction of Britain.

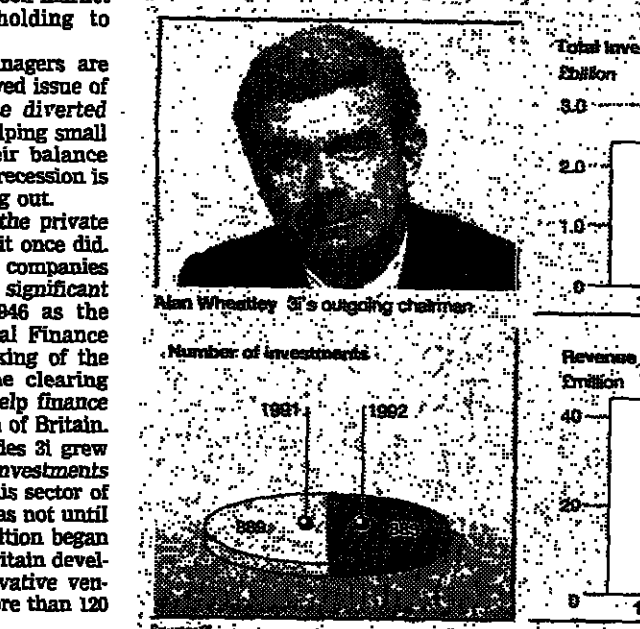
For the next three decades 3i grew on the back of shrewd investments and a near monopoly in this sector of the financial markets. It was not until the late 1970s that competition began to stir. During the 1980s Britain developed a vigorous and innovative venture-capital sector with more than 120 active players at its peak.

The story of 3i's move to a public listing goes back nearly 10 years when several of the banks which are its shareholders started to look for ways of selling their holdings in the company. 3i and its shareholders decided to go for a public listing in the form of an investment trust, though at one stage National Westminster Bank considered acquiring all of 3i's shares. Other banks, notably Barclays, objected.

Investment trust status gives significant tax advantages but 3i became embroiled in a lengthy wrangle with the Inland Revenue and it was not until 1990 that the company won official approval to go ahead with the flotation.

It was 3i's misfortune that just when the final obstacles to flotation were removed the economy slipped into a prolonged recession. Before last Thursday's indefinite postponement the flotation had already been twice delayed in response to stock market conditions. Few observers foresaw the depths of the recession though analysts do question how well 3i and its shareholders responded to the economic climate in preparing for a market listing. Even if the banks had been willing to push ahead 3i might not have found the stock market willing to value its shares very highly.

3i's troubled journey to the market



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"I am surprised they ever thought they would be able to float a venture capital company at the end of a recession," commented one analyst. "The small companies which 3i backs have been hardest hit and failure rates will

continue at a high level for some time to come."

The company's approach to the market has been tinged with arrogance, some analysts believe. The share prices of investment trusts specialising in unquoted companies have recently traded at a substantial discount to the value of their net assets. The discount for this sector has remained high throughout the recession and is currently about 30 per cent.

"3i thought it could convince the market that it was different to the other investment trusts specialising in unquoted equities and should trade on a smaller discount. But the market didn't believe it," one analyst said. In any event, 3i's shareholders have

now accepted that they cannot obtain an adequate valuation of the company's assets. "We believe we will get better value if the flotation is deferred," said a spokesman for National Westminster, representing the bank shareholders. "There is no pressure on us to realise our investment. Since 3i is in a position to benefit from the upswing we have decided to wait." Midland, at one stage the bank under most pressure to sell its stake in 3i because of problems with an ill-fated move into the US, now has the backing of HSBC Holdings, parent of the powerful Hong Kong & Shanghai Banking Corporation.

The repeated delays have caused analysts and 3i's rivals in the venture capital market to question whether 3i ever will float. But the shareholders insist it will. "It is still seen as a key part of 3i's long-term development," NatWest said.

But 3i has not only consistently failed to meet its own flotation timetable, it has also fallen out with some of the companies in which it invests. Concerned that a flotation would lead to a neglect of their interests a small group of companies in the 3i portfolio last November set up a group to make sure their voice was heard. Mr Barry Baldwin, chairman of the group, welcomed the decision to delay the float. But if many of the companies backed by 3i are happy with the latest twist, morale within the group's high rise headquarters near London's Waterloo Station is unlikely to have been improved. The repeated postponements and a tough cost-cutting programme - in part recession induced - to prepare 3i for the market have taken their toll. Staff numbers have been halved to about 550 over the past three years and several branch offices have been closed.

After 47 years as an unlisted company, sheltered from short-term performance pressures, it was perhaps inevitable that 3i's move to the stock market would arouse controversy. What could not be foreseen was that the company and its shareholders would develop an unfortunate knack for making things even more difficult for themselves.

Classification problems must not hinder growth of warehouse clubs in UK

From Mr Michael Poyner. Sir, Jim Lowe (Letters, April 1) sees the American warehouse club "more as a retail discounter than a wholesaler".

The format's phenomenal success in the US - 600-plus outlets and about \$400m of sales in just 10 years - has prompted increasingly heated debate on how to classify the beast. It is a debate which, even before the first UK outlet has opened, has already begun to rage over here.

One thing is clear - a supermarket it is not. Sixty-five per cent of the clubs' sales are to business members and 35 per cent to group/individual members. The clubs, which are closed to non-business members on weekday mornings, sell 1,500 lines of food on 60,000 square feet compared to 10 times the range on half the space in a typical supermarket.

The goods, mainly in bulk packs, are offered with minimal service and in wholesale-type environments to customers who spend, on average, \$150 per trip.

Yet supermarket operators in the US have increasingly felt the clubs to be a threat and it is evident that their British counterparts agree. It would certainly be unfair to allow a retailer-in-disguise to trade from "cheap" wholesale locations when British supermarket operators have to pay such premiums for their sites. However, restricted-access distributors such as Makro have been trading successfully in the UK for many years and all new forms of fair competition should surely be welcome.

Whatever classification our planning authorities eventually decide to put on the warehouse clubs, it would be a pity were the thrill of the purchase they so popularly afford in the US to be denied to consumers in Britain.

Michael Poyner, associate director, Ciba-Mid, 4 Great James Street, London WC1N 3DA

LETTERS TO THE EDITOR

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Subsidise the labour of the low paid

From Mr Geoff Beacom. Sir, I understand Prof Snow's frustration in seeing the government implement a job subsidy scheme which may destroy as many jobs as it creates ("Job subsidy pioneer hits at schemes", April 1). However, the need to prevent substitution between subsidised and non-subsidised jobs

is clearly a difficulty with his proposals. Another method is to subsidise the labour of the low-paid. This would boost demand for low-paid labour without generating inflationary forces at the more affluent end of the economy. A convenient method for implementing such a scheme would be to raise the nominal

VAT rate and give each employer a subsidy for each worker employed. This has the effect of subsidising goods and services that use a lot of labour and taxing those that do not. Using a simple model of the economy I estimate that reducing unemployment by 2m would imply net subsidies to the most labour intensive

industries of about 40 per cent of their value added and net taxes to the least labour intensive enterprises (eg petrochemicals) of about 20 per cent. Average prices do actually fall because savings on unemployment are fed into the system. Geoff Beacom, 36 Belle Vue Street, York YO1 5AY

Pension obligations of contractors after privatisation

From Mr John Sheldon. Sir, David Goodhart ("Pensions blow to government contracting out plans," April 5) is right to stress the significance of the obligation on contractors to offer comparable pensions when staff are transferred from the public to the private sector. The impact on contractors' costs are obvious. A few years ago a Treasury document, Using Private Enterprise in

Government, admitted: "Most of the savings from contracting out arise because contractors offer poorer conditions of employment... The difference in total labour cost may typically be of the order of 25 per cent. Pensions are the main element in it." Two recent industrial tribunals signalled a change in the legal interpretation of Transfer of Undertakings (TUPE) regulations in relation to pensions.

Even in May 1992 the Treasury warned departments that, regardless of TUPE: "Under the Employment Protection (Consolidation) Act 1978, the terms and conditions of employment under the new employer must be broadly comparable to those in the old... This means that the pension scheme must offer broadly comparable payments."

However, the real lesson to be drawn is that ministers have allowed ideology, not the law, to frame the approach taken with departments and contractors, despite having had adequate legal advice from government lawyers. I hope the pathetic saga of ministers attempting to reinterpret the law in relation to contracting-out will now end. John Sheldon, general secretary, NUCPS, 124/130 Southwark Street, London SE1 0TU

Defer to the text for proof of Duncan's saintliness

From Lord McCarty. Sir, Malcolm Rutherford asks (Arts: "Macbeth with no scruples", April 3) why English producers accept Duncan as "someone close to sainthood". He suggests that it could be due to a "curious act of national deference". What about a respect for Shakespeare's text? After all, Macbeth tells us: "...this Duncan Hath borne his faculties so meek, hath been

So clear in his great office, that his virtues Will plead like angels, trumpet-tongued, against The deep damnation of his taking-off." One can only pity any actor who had to deliver these lines after a scene in which the old King mimed "a pass at Lady Macbeth" - as suggested by your critic. McCarty, House of Lords, London SW1A

When a secretary deserves a manager's rate of pay

From M Callender. Sir, I was interested in your article titled "Secretaries are undervalued" (March 30). While I agree that this is the case, I have no objections to managers making use of the new technology and secretaries doing research etc.

Surely, however, each should be paid different rates for the proportion of their time spent on the different tasks that they perform. The savings on the proportion of the time that managers are paid at the rate of a typist/secretary when doing basic tasks would enable the secretary's rate to be increased for the proportion of her/his time that is spent doing research etc. M Callender, 36 Broadlake, Willaston, South Wirral

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مخاض التحول

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Budget rumours boost the yen

THE DOLLAR continued to weaken against the yen in both Asian and European trading on Thursday, reaching another historic low against the Japanese currency, writes James Bitt.

Strong speculation about the Japanese government's fiscal package to boost the country's economy was the main factor driving the yen upwards.

In Thursday's Asian trading, the dollar dipped to another record low of ¥112.86, in Europe, the US currency later eased to a close of ¥113.55.

The yen also showed the same power against a generally softer D-Mark, reaching a four-year high in Asia at one stage. It weakened again to ¥171.84 from a previous ¥170.38.

Boosting the Japanese currency was speculation that the government's new fiscal package, due to be revealed on Tuesday, would be larger than expected. Japan's ruling Lib-

eral Democratic party has proposed a package of more than ¥13,000bn to stimulate the economy.

According to Mr. Nishi Makino, an economist at Citibank in London, this is the type of fiscal package that could underpin the next big move upwards in the yen/dollar rate. "I see no reason why the yen should not test ¥105 to the dollar in the weeks ahead," he said.

The dollar also traded weakly against the D-Mark in Europe on Thursday. A smaller than expected rise in US core inflation dashed speculation that the Federal Reserve might lean towards tightening monetary policy later in the year.

US producer prices rose 0.4 per cent in March, but the core food and energy measure rose just 0.1 per cent, against forecasts of a 0.3 per cent rise.

The US currency finished at DM1.6070 from a previous DM1.6155.

The D-Mark was generally weaker against most other European currencies. The French franc briefly pierced the FF¥338 level against the German currency after the Bank of France surprised the market by deciding not to cut its official interest rates. But the franc weakened again to close at FF¥338.4.

Thursday's keynote speech to the French parliament by Mr. Edouard Balladur, the new prime minister, also attracted some support for the franc - in particular his suggestion that the Bank of France could become fully independent within the next few months.

Sterling enjoyed another strong performance against the D-Mark. The pound closed on Thursday night at DM2.4500 from a previous DM2.4475, and some dealers expect that strong economic data next week might help the UK currency up towards DM2.50.

£ IN NEW YORK

Apr 8	Close	Previous
1 month	1.5255-1.5265	1.5300-1.5310
3 months	1.5255-1.5265	1.5300-1.5310
6 months	1.5255-1.5265	1.5300-1.5310
12 months	1.5255-1.5265	1.5300-1.5310

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

Apr 8	Close	Previous
100.00	79.9	79.9
100.00	79.9	79.9
100.00	79.9	79.9
100.00	79.9	79.9
100.00	79.9	79.9

CURRENCY RATES

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
Portuguese Escudo	200.48	201.00
Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank rates are quoted in US dollars. Bank of England rates are quoted in UK pounds.

CURRENCY MOVEMENTS

Apr 8	Bank of England	Change
US Dollar	1.5255-1.5265	-0.0045
Japanese Yen	112.86	+0.69
German D-Mark	1.6070	-0.0085
French Franc	166.55	-0.45
Swiss Franc	1.4850	-0.0050
Italian Lira	1,936.00	-4.00
Spanish Peseta	166.55	-0.45
Portuguese Escudo	200.48	-0.52
Belgian Franc	36.36	-0.04
Dutch Guilder	1.8360	-0.04
Australian Dollar	1.5255-1.5265	-0.0045
New Zealand Dollar	1.5255-1.5265	-0.0045
South African Rand	1.5255-1.5265	-0.0045
British Pound	2.4500	+0.0025

Merger currency changes: average 1980-1992. Bank of England rates are quoted in UK pounds.

OTHER CURRENCIES

Apr 8	Close	Previous
Argentine Peso	1,000.00	1,000.00
Brazilian Real	1,000.00	1,000.00
Chinese Yuan	1,000.00	1,000.00
Indian Rupee	1,000.00	1,000.00
Israeli Sheqel	1,000.00	1,000.00
Kenyan Shilling	1,000.00	1,000.00
Malaysian Ringgit	1,000.00	1,000.00
Mexican Peso	1,000.00	1,000.00
Nigerian Naira	1,000.00	1,000.00
Pakistani Rupee	1,000.00	1,000.00
Philippine Peso	1,000.00	1,000.00
Singapore Dollar	1,000.00	1,000.00
Taiwan Dollar	1,000.00	1,000.00
Thai Baht	1,000.00	1,000.00
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
Portuguese Escudo	200.48	201.00
Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Forward rates are quoted in US dollars. Bank of England rates are quoted in UK pounds.

FORWARD RATES

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
Portuguese Escudo	200.48	201.00
Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

FT LONDON INTERBANK FIXING

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
Portuguese Escudo	200.48	201.00
Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

NEW YORK

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
Portuguese Escudo	200.48	201.00
Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

LONDON MONEY RATES

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
Portuguese Escudo	200.48	201.00
Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

BASE LENDING RATES

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
Portuguese Escudo	200.48	201.00
Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

ADDITIONAL BANKING

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
Portuguese Escudo	200.48	201.00
Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

ADDITIONAL BANKING

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
Portuguese Escudo	200.48	201.00
Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

FINANCIAL FUTURES AND OPTIONS

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
Portuguese Escudo	200.48	201.00
Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

ADDITIONAL BANKING

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
Portuguese Escudo	200.48	201.00
Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

ADDITIONAL BANKING

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
Swiss Franc	1.4850	1.4900
Italian Lira	1,936.00	1,940.00
Spanish Peseta	166.55	167.00
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Belgian Franc	36.36	36.40
Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

ADDITIONAL BANKING

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
Japanese Yen	112.86	113.55
German D-Mark	1.6070	1.6155
French Franc	166.55	167.00
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Dutch Guilder	1.8360	1.8400
Australian Dollar	1.5255-1.5265	1.5300-1.5310
New Zealand Dollar	1.5255-1.5265	1.5300-1.5310
South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

ADDITIONAL BANKING

Apr 8	Close	Previous
US Dollar	1.5255-1.5265	1.5300-1.5310
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French Franc	166.55	167.00
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South African Rand	1.5255-1.5265	1.5300-1.5310
British Pound	2.4500	2.4475

Bank of England rates are quoted in UK pounds.

ADDITIONAL BANKING

12% NATIONAL ITALIAN GOVT. BOND (BTP) -				
USA 200m 100bse at 100%				
Apr	Close	High	Low	Prev.
Jan	94.59	94.62	94.50	94.52
Sep	94.49	94.40	94.40	94.23
Estimated volume 11244 (18501)				
Previous day's open int. 51451 (51895)				

PHILADELPHIA SE E/F/ OPTIONS				
\$31.250 (cents per \$1)				
Strike	Costs			
Price	Apr	May	June	July
1.450	7.34	7.28	7.52	7.52
1.475	4.87	5.29	5.74	5.74
1.500	4.87	5.29	5.74	5.74

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—	1.46
—	1.41
—	1.41

* Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 873 4378.

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FINANCIAL TIMES WEEKEND APRIL 10/APRIL 11 1993

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6	224
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11	73.75
12	4.70
13	90.15
14	6.70
15	18.60
16	41
17	73.25
18	39.25
19	10.35
20	62
21	13.25
22	10.25
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8.85	...
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5.15	...
1.35	...
1.03	...
2.35d	...
1.80	...
1.38d	...
3.40	...
5.50	...

5.50	...
3.13	...
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1.12	...
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15.15	...
3.60	...
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.....	Credit	7.70ms +14
.....	9.65	
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.....	5%	-----
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7.15	100
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4.58	100
2.00	100
10.30	100
2.00	100
2.00	100
7.30	100

Abstracts - Cont.

هكذا من الأهل

Finance minister sees confidence being restored

Further falls in French interest rate predicted

By David Buchanan in Paris

THE FRENCH government predicted yesterday that interest rates, which have fallen on the money markets by up to 1.5 percentage points since conservatives won a sweeping election victory nearly two weeks ago, "will decrease significantly from now until the summer".

Though Mr Edmond Alphandery, the finance minister, said there was no question of pushing rates lower, he forecast that they would "fall by themselves" because of a restoration of confidence in the French economy and currency.

Markets are speculating that the Bank of France will cut its upper official rate - the five-day repurchase rate, currently at 12 per cent - next week.

Reaction to the new conservative government's programme, which Mr Edouard Balladur, the prime minister, announced to parliament on Thursday, was largely favourable. Stock market operators, however, expressed some dismay at planned increases in indirect taxes to reduce a budget deficit which Mr

Balladur estimated would grow to FF330bn (£39.9bn) this year or 3.4 per cent of national output.

The only discordant notes came from Mr Michel Rocard, the Socialist party's new temporary leader who said Mr Balladur had shown "an amazing lack of imagination", while the Communists' parliamentary group expressed their "firm opposition" to the Balladur plan. Nonetheless, Mr Balladur won his first vote of confidence by 457 to 81 votes, with two abstentions.

Mr Balladur said that combating unemployment, currently at 10.5 per cent of the work force, was his "absolute priority", but he saw no hope of stabilising job losses until the end of this year. He requested French employers to lay off workers only as a last resort.

Mr François Pericot, head of the Patronat employers' federation, yesterday agreed that his members should remember that making someone redundant was a serious matter.

Mr Alphandery said draft legislation to give the Bank of France independence and to privatise state-held companies would be

ready before the end of next week. He expected Parliament to approve both laws by the summer.

The French central bank has so far not chosen to reflect the easing of money market rates in its official rates, in order to attract money into francs. This has replenished its foreign exchange reserves, drained during the fight to keep the franc tied to the D-mark in recent months. Mr Alphandery said the bank would repay loans from the Bundesbank several weeks before they were due.

After the overnight money rate dropped to 10 1/2 per cent, and the rate for one-month money fell to 9 1/2 per cent, on Thursday, many analysts saw little sense in the Bank of France keeping its "repo" rate at 12 per cent, and predicted a possible cut on Tuesday. The central bank is considered likely to maintain its intervention rate, at which it lends limited amounts to banks, at 9 1/2 per cent.

Pragmatism tempers grandiose Balladur plans, Page 2
Editorial comment, Page 3

Flotation of 3i was blocked by change in banks' view

By Robert Peston, Banking Editor, and Charles Batchelor

A CHANGE of heart by Barclays and National Westminster banks led to Thursday's abandonment of an autumn share flotation by Investors in Industry (3i), the venture capital group, it was understood yesterday.

Both banks, which together own 41 per cent of 3i, are thought to believe that 3i's value is likely to increase sharply over the next two years, so any flotation should be postponed for at least that long.

The abandonment of the flotation plan led to the resignation of 3i's chairman, Mr Alan Wheatley, who joined the group last July on the understanding that it would obtain a stock market listing. He will be succeeded by Sir Max Williams, deputy chairman, until the appointment of a permanent replacement.

The Bank of England is understood to be particularly disappointed that the share sale has been shelved. 3i, which has net assets of £1.2bn and is the leading provider of risk capital to small and medium-sized companies, is owned by six of the UK's biggest banks and the Bank of England.

Mr Brian Pitman, chief executive of Lloyds, which owns 13 per cent, said there was no "big split" between the banks on whether to sell. "You would not have got much of a price for the shares at the moment. Even for those willing to consider selling, it depends on price," he said.

Barings, 3i's merchant bank, had argued that the sale was in the banks' interest. A month ago, Barings recommended to the banks that an autumn flotation should go ahead, according to bankers and a 3i director. The proposal was that the banks should sell a minority stake, leaving them with between 60 and 75 per cent of the company.

Even though the depth of the UK recession meant the stock market price of 3i's shares would be less than some banks wanted, Barings believed that the long term value of their remaining shares would be increased by the flotation for two reasons:

- As a quoted company, 3i would for the first time have been able to take advantage of its investment trust status. This would have meant that, as the economy recovered, 3i would have been able to sell an increasing number of investments but without paying capital gains tax.
- 3i would have raised additional capital in the flotation, allowing it to take advantage of investment opportunities as economic growth returned.

Fear of floating 3i's bumpy road to a market listing, Page 9

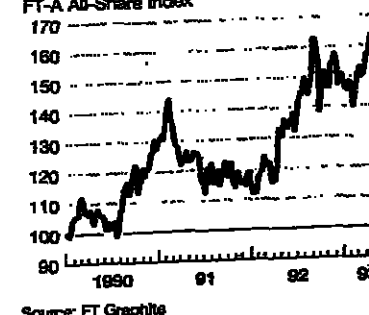
THE LEX COLUMN

Downwards drift

FT-SE Index: 2821.8 (-0.3)

Water

FT-A Index relative to the FT-A All-Share Index



Source: FT Graphite

Norwich Union has not chosen a propitious time to announce a shift of its investment strategy back towards equities. Though the FT-SE shed away from the 2,800 level on Wednesday, it still shed 45 points on the week. The strongly negative reaction of companies like Wellcome, Fisons and BAT to specific bad news suggests that individual valuations are stretched. All things are relative, however, and Norwich Union's decision may say as much about its fears for the gilts as about its hopes for the equity market.

Certainly the news that house prices are rising puts a faint whiff of inflation back in the air. That will not help the long end of the gilt market, especially in view of the government's heavy funding programme. It may make the government even more reluctant to cut interest rates again, despite the rise in sterling. That would leave the equity market without justification for a further assault on the 3,000 level. While recovery does seem to be taking hold, it is not strong enough to make much difference to expectations for corporate earnings. For now the equity market still seems interest-rate driven. Paradoxically, it may therefore react better to bad economic news than to good.

Sterling's trade-weighted index is already back up to 80, where it stood when interest rates were cut in January. The currency will become stronger still if the government stays reluctant to cut rates once the Bundesbank really starts to relax. That would hit equities on another front: the export-related earnings growth factored in after the devaluation would disappear into thin air.

Sun Alliance

Another thumping loss from Sun Alliance shows just how unbalanced the UK's biggest insurer became during the 1980s. Its general insurance business was weighted too heavily towards the UK and exposure to mortgage indemnity was excessive. Yet the life assurance side is not big enough to offset the impact of recession. On the investments side, faith in equities and property paid off handsomely during years of asset price inflation. Thursday's property write-down is the penalty. The net asset value is now little more than half the £3bn peak reached in 1989.

Balance is belatedly being restored. By surrendering market share on UK household insurance, Sun Alliance is reducing its exposure to freak storms

UK water

The thirst for a secure yield is working to the advantage of water companies. The sector is close to the high point relative to the market reached last August. Sterling was then shackled to the ERM and the outlook elsewhere was grim. Given the brighter industrial picture, the relative attractions of water might be expected to diminish. But that allows neither the dwindling returns on cash, nor for dividend cuts by other high-yield stocks. The chancellor has meanwhile helped the cause by reducing the tax credit on dividends paid to gross funds.

Water companies are unlikely to compensate gross funds for lost

income. With dividends covered around three times by earnings, most could afford to do so. But such action would have to be explained to the regulator. The companies might also prefer to conserve cover in case of tougher times following next year's regulatory review. Yield support may thus imply a cap on prices. The yield premium of the sector to the rest of the market is already below 20 per cent. Things could get turbulent as the shares start to trade ex-dividend.

Capital expenditure plans for the second half of the decade have not been finalised, let alone the rate of return on capital the regulator will allow. With the medium-term prospects so uncertain, the market is naturally inclined to concentrate on the immediate attraction of yield. That looks short-sighted, when there is now only a year to go before hard bargaining begins with the regulator.

3i

Yet again 3i's shareholders have delayed the company's slide down the slipway. Their indecision is puzzling. It has also sparked the abrupt departure of 3i's recently-installed chairman who had been entrusted with completing the flotation.

There is certainly no pressing need for shareholders to sell. Midland's once-desperate need for capital has been reduced following its takeover by HSBC. Other bank shareholders too have seen their financial pressures lessen. They believe they can realise greater value by waiting for the upswing. Since its disappointing interim results, 3i has reported that its investments have risen strongly. There has also been a sharp increase in the number of new investment applications.

But the stock market has already anticipated much of the recovery. In recent months there has been a marked narrowing of the gap between asset values and share prices in the quoted investment trust sector. 3i's size and reputation could have perhaps ensured a flotation price just 10 per cent below its asset value. Given that 3i was only going to be partially floated, it is difficult to believe it could much improve on that. The suspicion must be that the delay does not simply signify a change in market tactics but also a reassessment of strategy. The banks should clarify their intentions. Otherwise they will damage the company now and make it harder to float later.

Japan may halt Cambodia operations over UN deaths

By Robert Thomson in Tokyo and agencies

THE KILLING of a Japanese volunteer working for the United Nations in Cambodia has brought a warning that Japan could withdraw from the country if attacks on UN personnel increase.

Mr Toshio Nakayama, Japan's defence minister, said yesterday that "if it becomes clear that a widespread armed disruption of the [UN-organised Cambodian] elections is in force, we must of course think of an emergency evacuation or a halt in operations".

About 600 Japanese military personnel are in Cambodia as part of the UN operation. Although the victim, Mr Atsuhito Nakata, 25, was a civilian, his death has prompted concern that Japanese forces could become entangled in an intensifying con-

flikt. Nevertheless, Japan yesterday continued with its planned Cambodian involvement by despatching 250 army engineers to join an advance team of 350 in Bangkok. This force is due to relieve the 600 troops sent six months ago.

Mr Nakata was the sixth worker to be killed in nine direct attacks on UN personnel in the past two weeks. His UN-marked car was stopped on Thursday by a group of armed men. His Cambodian interpreter, Mr Lay Sok-phi, was also killed.

The Khmer Rouge guerrilla group, which is boycotting the UN's peace process, has been blamed for some of the attacks and is suspected of most of the rest. The group denies responsibility.

Japan's Social Democratic party, yesterday called for the

immediate return of the 600 already in Cambodia, mostly transportation personnel, on the grounds that the Cambodian conflict does not fit the guidelines set for Japanese participation in a peacekeeping operation.

Under those guidelines, Japanese personnel should not be despatched if a ceasefire agreement has collapsed. The SDP argues that the spate of killings shows the ceasefire is no longer effective.

But a sudden pull-out of troops would damage the image of the Japanese government, which sees the participation as evidence that the country is playing a more active role in international affairs. A retreat would also hurt Tokyo's campaign for a permanent seat on the UN Security Council.

Blood stains the peace, Page 4

Serbs say UN aid in Bosnia can continue

Continued from Page 1

nian town, which they have been trying to reach for three days, "over my dead body, or the bodies of my family". Conditions in Tuzla are spartan, but the town has been spared the destruction of Srebrenica and the refugees are happy to be in its relative security.

Clutching her frail two-year-old daughter, Mrs Azreta Habibovic, yesterday described her exodus from Srebrenica. "The Serbs threw stones at us in Zvornik. They screamed and one woman was badly hurt," she said. "But anything was worth getting out of there. The Serbs are shelling

all of the time. It is hell."

More divisions appeared yesterday in the international effort to force Bosnian Serbs and their allies in Belgrade to accept the Vance-Owen peace plan for Bosnia after Russia warned that tighter sanctions on Serbia and Montenegro would be counter-productive.

Leyland Daf set for £4.8m cash injection

Continued from Page 1

have been able to obtain, Mr Ogilvy said.

He would not disclose the size of the deal, but property analysts believe the land, given the contamination likely after 70 years of industrial use, is not worth more than £120,000 an acre. This points to an overall purchase price of up to £4.8m.

The van plant has enough orders to keep production going for the next six weeks. Mr Ogilvy said many companies had been holding off placing orders. "They won't sanction the orders until they know they are not buying an obsolete vehicle," he added.

Production has been scaled down by the receivers to 200

vehicles a week and the workforce cut by over half to 1,000. "There are no more planned redundancies," said Mr Ogilvy.

The immediate future is clouded by Automotive Products' suspension of clutch and brake systems deliveries to the plant. The company has been in dispute with the receiver about the non-payment of bills. The van plant has enough components for only three days production next week.

However a willingness to resolve the problem has been evident both in talks about the immediate situation between Automotive Products and the receiver and in talks between the management buyout team and Automotive Products on the situation after April 19.

John Griffiths adds: The UK receivers and Daf Trucks NV, the new company running Leyland Daf's former parent in Holland, said yesterday they had jointly established a sales company, Leyland Daf Trucks, to market trucks built by both the Dutch operation and Leyland Daf's trucks plant in Lancashire. Leyland Daf Vans, has already been established for the Birmingham vans operation.

David Owen adds: The expected cash injection will add to suspicions that Mr Heseltine, fresh from securing Commons approval for his coal white paper, may be ready to give his interventionist instincts free rein.

Earlier this week, Mr Richard Needham, a trade and industry

minister, unveiled plans to encourage British companies to work closer together in bidding for large projects in foreign markets, as part of a wide-ranging effort to boost UK exports.

The Labour party, which this week published its own detailed proposals for reversing the UK's manufacturing decline, has repeatedly used the Leyland Daf collapse and the government's reaction to it to taunt Mr Heseltine over his promise to last year's Tory party conference to help British industry.

Mr John Smith, the Labour leader, last month called on the government to demonstrate its commitment to British manufacturing by ensuring a future for Leyland Daf.

CHIEF PRICE CHANGES THURSDAY

FRANKFURT (Dm)			
Ribian	484.5	+	7.5
BW	158	+	6.2
PWA	158	+	7.5
Paris (FFr)			
Ribian	348	-	12
Deutsche	322	-	8
Leifeld	474	-	15
Wella Pl	714	-	8
New York (\$)			
Ribian	454	+	19
West Elec	154	+	4
Palle			
Tokyo (Yen)			
Alum Co Amer	60%	-	2
IBM	51	-	11
Phil Morris	42%	-	11
US Surgical	21%	-	15%
London (Pence)			
British Airways	283	+	11 1/2
Brit Steel	81 1/2	+	3 3/4
Great Southern	355	+	19
London (Pence)			
British Airways	283	+	11 1/2
Brit Steel	81 1/2	+	3 3/4
Great Southern	355	+	19

World Weather			
Abaco	17	85	Clear
Aden	17	85	Clear
Amsterdam	12	54	Cloudy
Bombay	26	79	Clear
Buenos Aires	18	61	Clear
Calcutta	21	70	Clear
Cairo	18	61	Clear
Chennai	21	70	Clear
Cebu	21	70	Clear
Dhaka	21	70	Clear
Hong Kong	21	70	Clear
Kuala Lumpur	21	70	Clear
London	12	54	Cloudy
Manila	21	70	Clear
Medan	21	70	Clear
Mumbai	21	70	Clear
Nairobi	21	70	Clear
Seoul	21	70	Clear
Singapore	21	70	Clear
Tokyo	21	70	Clear
Yokohama	21	70	Clear

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مكتبة الجليل

MARKETS

London

Coming to terms with the Hillary factor

By Peter Martin, Financial Editor

WHAT HAS happened to the Wellcome share price over the past month is a case of the market kicking a company when it is down. The shares were over 930p in mid-March. Yesterday, they closed at 700p, a drop of 25 per cent.

There are three forces at work, all negative. First is the cloud hanging over the sector as a whole, personified by Hillary Rodham Clinton. She is drafting the blueprint for the promised US health care reforms: significantly, US health care stocks reached their peak, relative to the market as a whole, in the first weeks of 1992 just as Bill Clinton's campaign for the presidency started to look credible.

Even without political impetus, drug prices face downward pressure as insurers, employers and health systems round the world become increasingly reluctant to write the industry a blank cheque.

The result is poor performance by drugs stocks, world-

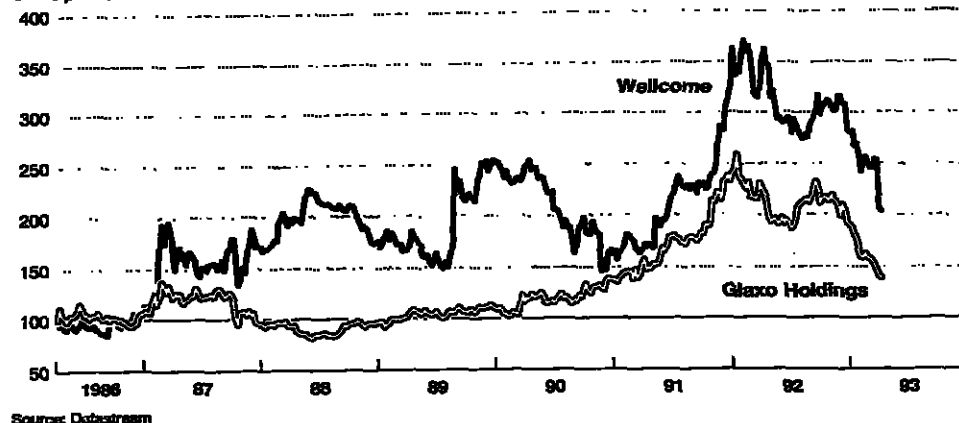
wide. During the first quarter of 1993, the healthcare stocks covered by the FT-Actuaries World index have dropped 10 per cent in local currency terms, while the world index as a whole has risen 4 per cent.

Within the UK, fears about pricing are not the only factor affecting the sector. A second influence is the shift by investors out of defensive stocks and into cyclical ones, as the economic upswing begins. Pharmaceuticals companies are classic defensive stocks - steady demand, pricing protected by patents and regulations, a growth path dictated by what comes out of the labs rather than what is in the customer's pocket. As the economy dived into recession, the big internationally minded UK drug stocks, Glaxo, Wellcome and SmithKline Beecham, benefited hugely from their defensive status.

As demand picks up, though, steady earnings growth looks dull by comparison with recovery stories. Companies in the sectors most affected by the

Two drug stores: the long haul

Share prices relative to the FT-Actuaries All-Share Index



economic cycle stand a chance of doubling or tripling their earnings overnight; drug stocks do not.

The relative performance of the health and household sector of the FT-Actuaries All-Share, dominated by the big drugs stocks, shows how this works. In the first half of 1992, as hopes of economic recovery emerged, the sector weakened relative to the market. As the summer fears of a continuing recession set in, the sector started to gain once more. When devaluation made eventual recovery more certain, the relative slide resumed, to gather pace in recent weeks. Wellcome's performance shows what happens when you add specific company problems to those general concerns.

On Thursday of last week, the outlook suddenly worsened for sales of Wellcome's most glamorous drug, its anti-Aids

preparation Retrovir. Preliminary data from a Franco-British study indicated that, for patients who had not yet developed full Aids, Retrovir had little to offer. The share price fell immediately; since the study appeared, it has dropped 8 per cent.

Drug companies frequently encounter setbacks to important drugs, and the market usually over-reacts. After a few days, investors remember that the company has other eggs in its basket, and the share price recovers. Earlier this week, it looked as if just that process was under way. On Monday, for example, when the stock market as a whole was down sharply in the aftermath of Friday's slide in New York, Wellcome managed a healthy recovery. The worst seemed over.

On Wednesday, however, the pattern of recovery was jolted. Wellcome met analysts to put its case over Retrovir, but the audience was not convinced. The share price resumed its slide: it dropped another 23p, closing at 699p. On Thursday, it recovered to 703p, a net rise of 5p since the previous Friday. The Retrovir issue aside, Wellcome and others in the industry have some bumpy weeks ahead: Hillary Clinton's health-care plan is due by early May. The stock has some protection, however, in its relatively unglamorous rating: at 19 or so, the price/earnings ratio is the lowest it has been since the company was floated in 1986, leaving Wellcome trailing behind such stocks as BICCO, Thorn EMI, or ICI. And, though the yield at 2.3 does not sound particularly generous, it is the highest since the stock was first available to the public.

Such valuation calculations are also applied to the market as a whole. Econometric research just published by Goldman Sachs explores the extent to which they are a useful indicator of whether shares are cheap or dear. Looking at the UK market as a whole, the Goldman analysts conclude that the best indicator is the yield ratio (the ratio of the yield on long-term government bonds to the dividend yield on equities).

This will not come as a surprise to the equity market, since the yield ratio is probably the most common rule of thumb. More interesting, perhaps, is Goldman's creation of a Composite Valuation Indicator, which bundles together all the measures commonly used to assess the market's value, assigning each the importance justified by how successful it is in "explaining" stock market movements.

This indicator works, the Goldman analysts say: trading on the basis of the indicator over the last 20 years would have doubled your money compared with a simple buy-and-hold strategy. At the moment, the indicator suggests the UK stock market is undervalued by around 10 per cent.

No one seemed to be paying much attention to that sort of calculation this week: the FT-SE 100 index closed on Thursday at 2821.8, a drop of 48.1 points since Friday and a decline of 4 per cent since its peak earlier in the year. Investors were partly marking time before the holiday, partly peering edgily ahead to find the good news already implicit in share prices. As the Wellcome tale shows, that sort of market is easily spooked.

Serious Money

Can your stocks rise in the east?

By Philip Coggan, Personal Finance Editor

WILL THE motto of the 21st century be "go east, young man"? A fortnight ago, this column suggested that emerging stock markets and European bonds were two of the more interesting investment areas at the moment.

My reasoning was really more a process of elimination than anything more sophisticated. But the entertaining fund management market double act, Tim Guinness and Howard Flight of Guinness Flight, have an interesting argument that enthusiasm for bonds and the Far Eastern markets are subtly linked.

Their case is that the high cost economies of the West are losing out to the low cost economies of the Far East. As the West purchases its exports and sources its manufacturing in the East, this results in low inflation - good for bonds - and high Far Eastern economic growth - good for equities in that region.

Like any good fund management group, the pair believe they have the answer: a Hong Kong fund. The Hong Kong market is the entry point into China, which has around a fifth of the world's population and an economy growing at 9 per cent per year. The World Bank has forecast that China will be the world's largest economy by 2003.

Hong Kong is on a price-earnings ratio of just 12.5, well below the ratings awarded to other emerging markets. Thus, Guinness Flight argues, this is an opportunity to invest in a large emerging economy on a cheap rating and they are discounting the initial charge on the fund to persuade investors to take the leap.

It is a good story, but one should mention the other side. The Hong Kong market is highly volatile and has enjoyed a very sharp rise since the panic caused by Tiananmen Square. With all the current political tension, there is

always the risk of a setback and a big question mark hangs over the colony's future after 1997.

Although China's economy is growing fast, it still, as a nominally communist country, does not have the same accounting standards or business practices as in developed markets. On the level of individual stocks - even when channelled via Hong Kong - it is hard to be sure exactly what you are buying.

So this is definitely a risk area of investment - not the first home for your redundancy money. It is really for those who are prepared to invest on a 10 year basis - and then only with a limited portion of their Portfolio.

And of course, one could be convinced by the case for Hong Kong, without being sure that Guinness Flight is the right firm to manage it. Its offshore fund is small at \$3.2m and lacks a long-term record - although its 1992 performance did feature in a Best of the Best table in the US-based Barron's magazine.

In my view, large investors might well consider having a portion (no more than 5 per cent) of their portfolios in Hong Kong; small investors should stick to the regional funds with a wider geographical spread.

I found the theory appeared to work for the FT-30 index, with a portfolio of the five stocks easily beating the All-Share over the period 1978-92. So, with risk warnings, the stocks selected by the theory were Blue Circle, British Gas, Forti, Hanson, Lucas.

To date, the news has been quite good. Datastream figures show that, as of yesterday, the O'Higgins portfolio has beaten the All-Share in purely capital terms. The bad news is that neither return is very exciting: 2.1 per cent from the portfolio against 1.6 per cent from the All-Share.

Of course, if you repeated the process now, the theory might throw up different stocks, so the above list is certainly not a recommendation. But the article provoked so much reader response that I shall try to monitor the portfolio's progress during the year.

Finally, a note on Personal Equity Plan changes. Hoare Govett has produced a guide to single company Peps, the kind that allows you to invest £3,000 in a stock on top of your general Pep allowance.

The Budget change in Advance Corporation Tax reduced the tax break of Peps for basic rate investors. Hoare Govett says for a company yielding 4 per cent, the annual tax benefit of a single company Pep to a basic rate taxpayer has fallen from £14.38 to £6.38. This allows for an annual management charge of 0.5 per cent plus VAT.

But if the share yields below 2.9 per cent, the tax saving is wiped out altogether. And even at 4 per cent the tax break could be lost if the manager imposes any kind of annual charge. Higher rate taxpayers and those who regularly pay capital gains tax should still be well ahead.

HIGHLIGHTS OF THE WEEK

	Price Thurs.	Change on week	1993 High	1993 Low	
FT-SE 100 Index	2821.8	-48.1	2957.3	2737.6	Drug & tobacco sectors weak
FT-SE Mid 250 Index	3084.3	-24.2	3154.7	2878.3	Pre-Easter sluggishness
Argyll	321	-20	407	320	Food price war, discount fears
BAT Inds.	887	-40%	1014%	855	US price war worries
Burnham Castrol	738	-13	757	675	41m share placing to finance aq.
Eastern Elect.	492	+20	483	399	Warburg buy recommendation
Fisons	167	-31	251	167	Withdrawal of asthma treatment
Guinness	467	-29	516	440	Concern on international brands
Jays	452	+25	500	406	Buying after results
Mirror Grp.	121	+17	121	88	Optimism for prospects
Morgan Crucible	271	-56	345	271	Provisions/accounting changes
Rothmans B	620	-37	680	584%	Pressure on tobacco industry
Skidley	97	-13	130	96	Profits warning
Unilever	1115	-74	1249	1050	Brokers downgrade
Warburg (SO)	649	+17	649	529	Global co-ordinator of BT 3

AT A GLANCE

UK house price index

All houses 1983=100

215

210

205

200

195

190

192

193

194

195

196

197

198

199

200

201

202

203

204

205

206

207

208

209

210

211

212

213

214

215

216

217

218

219

220

221

222

223

224

225

226

227

228

229

230

BES

Funds raised (£m)

1000

800

600

400

200

0

1983/4

1984/5

1985/6

1986/7

1987/8

1988/9

1989/0

1990/1

1991/2

1992/3

1993/4

1994/5

1995/6

1996/7

1997/8

1998/9

1999/0

2000/1

2001/2

2002/3

2003/4

2004/5

2005/6

2006/7

2007/8

2008/9

2009/0

2010/1

2011/2

2012/3

2013/4

2014/5

2015/6

2016/7

2017/8

2018/9

2019/0

2020/1

2021/2

2022/3

House price index makes biggest rise for four years

The Halifax house price index rose 1.2 per cent (seasonally adjusted), the biggest monthly increase for four years. However, prices are still 5.2 per cent below the level of a year ago and Halifax warned "we will need a few more months of strong activity and stable or rising prices before we can be confident that a sustained upturn is under way." Over the last year, the regions which have seen the greatest fall in prices are Greater London (down 5.2 per cent), the South East (down 6.5 per cent) and the South West (down 8.1 per cent).

BES figures proves the lure of risk-free tax shelters

The BES blinged last year on non-recourse loans, which made up a large part of £957m invested in the schemes. Figures, prepared by the Allenbridge, show just how much happier people are to shelter from tax if they do not have to take a risk. Before property investments were allowed, the most the scheme had ever raised in one tax year was £175m, in 1987-88. The amount raised by trading companies fell to £29m the next year, rose to £36m in 1989-90, and then fell to £10m. Meanwhile, the total taken by the scheme has risen steadily as sponsors squeezed out still more risk. One of the scheme's starting aims was to foster the entrepreneurial spirit, and it seems to have failed. See BES: cause for anxiety, Page VI

A Christmas without charity

Figures for Gift Aid, the scheme which allows tax-free donations to charities, show that people were less generous in the three months leading up to Christmas. Total donations during the first quarter of 1992 were £43.4m, disappointingly down from £48m in the previous quarter. Donations from individuals fell from £37.9m to £25.6m. However, the total donated under the scheme now stands at £351.1m in two years, while a total of £117m has been paid in tax repayments to charities.

Top trust records 332.04% rise

The best performing unit trust over the past five years was Hypo F&C US Smaller Companies, with a rise of 332.04 per cent, according to Micropal. But Hong Kong and Far Eastern funds hold eight of the top ten positions (see Series Money). The list of the ten worst funds over the period include the usual suspects such as Waverley Australian Gold and three Japanese funds.

Indices to monitor equity returns

More advanced information will be made available to equity investors from July 1 with the introduction of total return indices for equities. The new indices will take account of dividend income as well as capital growth and will allow investors to compare more closely the performance of their unit and investment trusts (and indeed the building society) with the market. The figures will be calculated gross of tax and will assume that the dividend and tax credit are reinvested on the ex-dividend date. Total return indices will be available for the FT-SE 100, the FT-SE mid 250, the FT-SE Actuaries 350, the FT-SE SmallCap and the FT-Actuaries All-Share.

Small companies slip from peak

Small company shares fell over the pre-Easter week, with the Hoare Govett Small Companies Index (capital gains version) dropping 0.8 per cent, from 1376.75 to 1368.19, over the six days to April 7. However, Hoare Govett reports that the recent rally has taken the index back up to pre-recession levels.

Cigarettes burn top-brand consumer stocks

WALL STREET'S love affair with brand-name consumer stocks ran on to the rocks this week. On Monday and Tuesday, heavy selling hit a wide range of consumer issues which, in turn, lopped a few points off the Dow Jones Industrial Average. The spark for the sell-off was the surprise decision by food and tobacco group Philip Morris to cut the price of its top brand cigarettes, Marlboro, in an attempt to win back customers lost to cheaper brands.

Investors were unmoved by the move because it showed thatan industry-leading company recognised that top-brand goods can lose market share to much cheaper brandless products.

For the best part of a decade, investors have supported brand-name consumer stocks on the premise that these companies could maintain earnings growth by raising the prices on their best-known products - which, supposedly, were immune from competition from discounters because massive promotion and a strong, well-established image had guaranteed consumer loyalty.

However, recent experience with the world's best-selling cigarettes, seems to have shattered that illusion. With smokers switching from Marlboro to discounted generic brands in increasing numbers, Philip Morris was forced to do something to stem its loss of market share. Other than spending even more on advertising and promotion, its only choice was to cut the price of Marlboro.

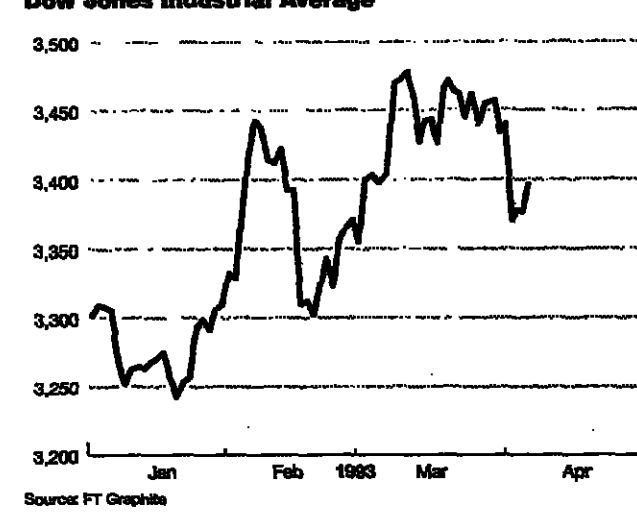
This momentous decision left investors reeling: if it could happen to Marlboro, arguably one of the world's most famous products, it could happen to any other brand name. Consequently, they wasted no time in selling stocks such as Colgate-Palmolive, Heinz, Procter & Gamble, Kellogg, Campbell Soup and Coca-Cola. So unsettled were investors that they unloaded a wide range of consumer-related stocks including retailers such as Wal-Mart, Home Depot and Sears, Roebuck. Wal-Mart appeared to be a particularly unfortunate victim, given its remarkable recent earnings growth and solid prospects.

However, there was some logic to the sell-off. Wal-Mart's

February same-store sales figures were disappointing; Home Depot was looking extremely expensive with a price-earnings ratio of almost 60; and Sears' shares had enjoyed an excellent run of late on recovery hopes and were probably due to take a breather.

Such explanations aside, however, the heavy selling still was unnerving. The brand-name consumer stocks

Dow Jones Industrial Average



Source: FT Graphite

and fast-growth discount retailers have been a mainstay of the market for years. Any substantial reversal in this stalwart group could mark a big turning point in the market's longer-term prospects.

Fortunately, when investors rushed out of consumer stocks, their money did not leave the market altogether. Funds were switched to other sectors. This week, it was the turn of

cyclical, cars, timber and transportation stocks to benefit.

Cyclical were an obvious choice for investors suddenly disenchanted with consumer stocks. The economy continues to grow at a solid, if unspectacular, pace and the likes of Caterpillar, International Paper and Alcoa should churn out good earnings over the next year or so as the pace of business activity across the country, and eventually overseas, picks up.

Likewise, car-makers. Over the past few months, there has been a growing feeling of confidence in the big three - a sense that all of them have turned a corner. It is no surprise that, as of Thursday, Ford shares were standing at a 53-week high while Chrysler and GM were within splitting distance of similar peaks.

While forestry product stocks may have been something of a cyclical play, they drew most of their strength this week from the so-called "timber summit" meeting in Oregon between the logging industry and environmentalists, chaired by

a consensus-seeking President Clinton. Although the summit failed to heal the divisions between the two sides, investors were cheered by reports that the president probably will avoid any initiatives that might depress timber industry profits.

Finally, airline stocks had an excellent week. All the major carriers posted big gains, in the process lifting the Dow Jones Transportation Average to a record.

Several factors were behind the buying. One was United Airlines reporting a 17.4 per cent jump in March passenger traffic and also announcing big cuts in capital spending. There was also news from Washington DC that a joint committee of congressional and presidential experts is to investigate ways to help the industry survive its seemingly never-ending crisis.

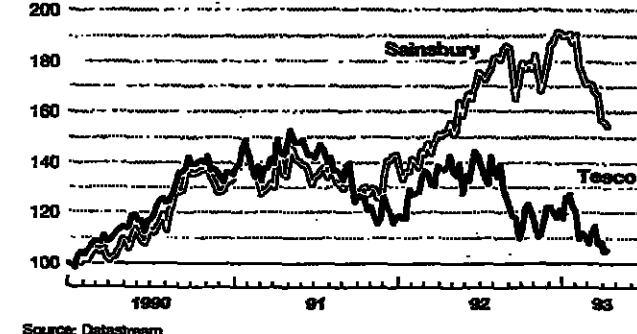
Patrick Harverson

Monday	3378.19	+ 8.38
Tuesday	3377.57	- 1.62
Wednesday	3397.02	+ 19.45
Thursday	3396.48	- 0.54

The Bottom Line

Tesco lays an egg in the City

Share prices relative to the FT-Actuaries All-Share Index



Source: Datastream

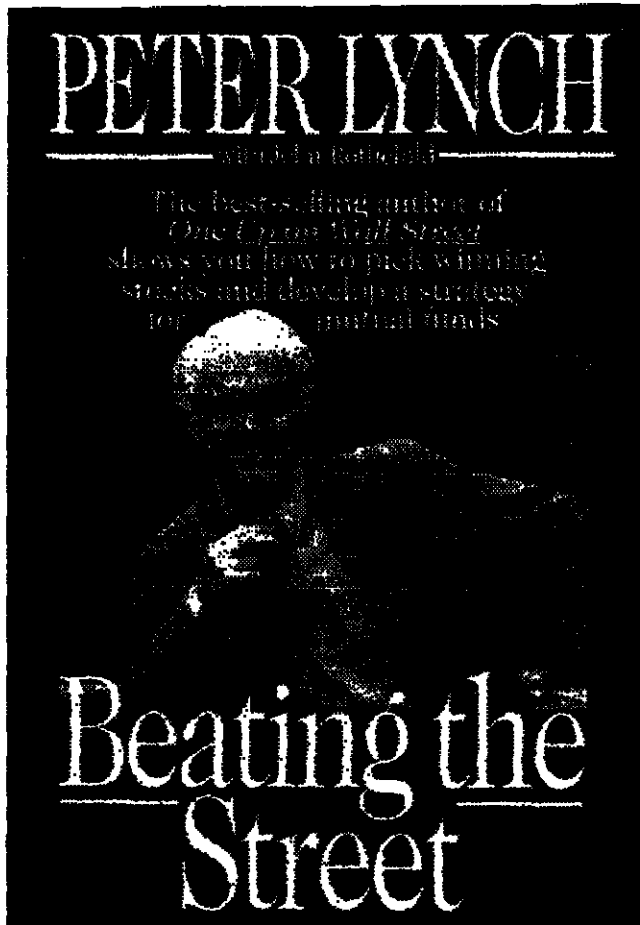
Wise words from a stock-picking guru

PETER LYNCH might not be a name that is familiar to private investors in the UK. But in the US, he is a stock market legend because of his success in running Fidelity's Magellan fund. When he started to manage the fund in 1977 it had \$18m in assets. By the time he retired in 1990 it was worth \$14bn. Much of the increase came from money raised from new investors; nevertheless \$1,000 invested in the fund in 1977 was worth \$28,000 by 1990. The benefit of Lynch's wisdom is now available in a new book* which will give a lot of encouragement to private investors. He sincerely believes that private investors can beat the market by doing the right kind of research. A bright and breezy writing style makes the book an easy read for anyone with an interest in stock market investment. Scattered through the pages are Lynch's one-liners, or Peter's principles, such as "Never invest in any idea you can't illustrate with a crayon", or "All else being equal, invest in the company with the fewest colour photographs in the annual report."

But it would be wrong to suggest that the book is a succession of homilies. There are plenty of practical examples of how Lynch goes about selecting individual stocks. Some of the lessons are peculiar to the US - for example, his enthusiasm for shares in the frequently despised savings & loans (the equivalent of the British building society). Ironically, the one stock he chooses from the UK - Body Shop - is one of his few mistakes. It has fallen by a third since he first recommended it in early 1991. Investment managers tend to be classed in two camps. The "growth" investors are those who look for companies with good businesses and a long record of profit increases. A classic growth stock would be Glaxo, which until recently seemed to move only one way - up. Its shares may have looked expensive on a price-earnings ratio basis but that did not seem to matter. In the 1980s, it was always a good time to buy Glaxo shares. The opposite school is that of "value" investment. These managers look for stocks which have fallen out of favour with the market and thus trade at very cheap prices. A good recent example of this in the UK was Next. It was one of the glamour retailers of the 1980s but its stock plunged following the departure of founder George Davies. New management has turned the company around - the shares have risen tenfold over the last 27 months. Both schools have their flaws. Even the best managed companies cannot grow at 30 per cent per year for ever. If a stock is trading on a high p/e, then the fall in the share price can be precipitate when the company starts to falter (Glaxo has fallen by a third since its

peak in early 1992). And the market is often right when it hammers the shares of companies - the value investor can find that some of his picks go bust. Lynch takes an eclectic approach which uses both the value and growth philosophies. He is really searching for "ten-baggers" - companies with the potential to give tenfold returns. But he can find those among restaurants and retailers as well as in fallen angels such as the early 1980s Chrysler. His biggest single profit came from the unglamorous Federal National Mortgage Association. He describes how, when he is looking for retailing stocks, he heads to his local shopping mall. "I don't think of it as browsing," he writes, "I think of it as fundamental analysis on the intriguing lineup of potential investments, arranged side by side for the convenience of stock shoppers. If you like the store, chances are that you'll love the stock." To give all amateur investors hope, he cites how a group of

12- to 13-year-olds at St Agnes School in Massachusetts produced a portfolio which rose 70 per cent over two years, outperforming the S&P 500 and 99 per cent of all equity mutual funds (the US equivalent of unit trusts) in the process. Those children picked the stocks in companies they knew such as Nike training shoes, Pepsi and the Gap (where most bought their clothes). At St Agnes, the pupils recite the lesson "you should invest in several stocks because out of every five you pick one will be very great, one will be really bad and three will be OK." Lynch argues that "an amateur who devotes a small amount of study to companies in an industry he or she knows something about can outperform 95 per cent of the paid experts who manage the mutual funds, plus have fun in doing it."



Peter Lynch's new book: easy, pacy, and potentially profitable

reported a \$23bn deficit for 1992, the largest loss in US corporate history. As Lynch writes, the general perception was "powerful enterprise forgets how to make cars, loses the public's confidence, lays off thousands of workers, heads for the scrapheap of has-been corporations." "It was all this negativity about GM that attracted me in 1991," adds Lynch. After looking at the third quarter 1990 report, he noticed that GM's other divisions, such as Ross Perot's old company,

Home cover rates soar

THIS WEEK'S news that Abbey National is to increase its premium rates for home contents insurance by some 37 per cent is considerably less dramatic than it might appear. Abbey National, the country's second biggest mortgage lender, sells insurance on behalf of a panel of three insurers - Commercial Union, Royal Insurance and Legal & General - and said that it was increasing rates because domestic theft claims had gone "through the roof". It announced on Tuesday an average increase of more than 26 per cent in rates for 1993. Some customers could also pick up an additional rise of 10 per cent announced in December last year, taking their total increase to 37 per cent. But these were the first increases by Abbey for more than two years, during which time insurers have increased premiums by an average of 40 per cent - a rise which is itself dwarfed by the increase in the cost of their claims. The cost of theft from homes has increased by more than 200 per cent since the end of 1989, to £749m in 1992. Last year alone theft costs rose by 27 per cent according to figures released last month by the Association of British Insurers, the trade association. "Theft losses have reached epidemic proportions. In this environment it is not surprising to see vigorous rating action taking place," said John Chester, an analyst with SG Warburg, in a recent note by the securities house. Although UK insurers saw their results improve in 1992, only two of the leading six non-life companies - Commercial Union and Guardian Royal Exchange - registered profits. In 1990 and 1991 the six companies lost more than £2bn and saw their financial strength severely eroded. Stephen Bird, analyst with Smith New Court, another securities house, said: "People just have to look at the claims costs. Looking at the results that the companies produced last year you can hardly argue that people are

being ripped off." Not surprisingly, few observers are quibbling with the need for rate rises, but some suggest that the industry may not be doing enough to isolate the highest risks and that the increases are being unfairly charged across the board. "Everyone is suffering from the poor experience of the few," said Peter Friend, of brokers Leslie & Godwin. Friend suggests that insurers ought to evaluate the risks of individual householders more carefully and tailor premiums to individual risks. Leslie & Godwin already does this for their wealthier customers, through its Artscope international scheme. Insurers have already begun to be more discriminating. They began to charge higher rates for residents of inner city areas and other "high risk" areas some years ago. Premium rates now vary widely according to post code. In addition, a number of insurers are offering discounts to householders who install good quality locks or reliable alarm systems and join police-approved Neighbourhood Watch Schemes. "We are very keen to reward customers who take a responsible attitude to protecting their homes and strongly believe in helping them fight crime," said Brian Richards, personal insurance development manager at Norwich Union. But Friend still says they could do more, by, for example, taking into account factors such as occupation, level of occupancy and "lifestyle". "The fact is that a couple without children who are out all the time are more likely to suffer from thefts," he says. Already there are signs that some in the industry may be taking the hint. Direct Line, the insurance subsidiary of Royal Bank of Scotland, which insures 250,000 householders, says that it is reviewing its rating structure and could announce changes later this year.

Richard Lapper

Philip Coggan
reviews the
investment
wisdom of
ex-Magellan boss
Peter Lynch

Lynch's golden rules for investors

THE FOLLOWING is a selection from Peter Lynch's golden rules for investors. ■ Your investor's edge is not something you get from Wall Street experts. It is something you already have. You can outperform the experts if you use your edge by investing in companies or industries you already understand. ■ Owning stocks is like having children - don't get involved with more than you can handle. The part-time stockpicker probably has time

to follow eight to 12 companies, and to buy and sell shares as conditions warrant. There do not have to be more than five companies in the portfolio at any one time. ■ If you cannot find any companies that you think are attractive, put your money in the bank until you discover some.

■ Never invest in a company without understanding its finances. The biggest losses in stocks come from companies with poor balance sheets. ■ Avoid hot stocks in hot industries. Great companies in cold, non-growth industries are consistent big winners. ■ A stock market decline is as routine as a January

blizzard in Colorado. If you are prepared, it cannot hurt you. A decline is a great opportunity to pick up the bargains left behind by investors who are fleeing the storm in panic. ■ Everyone has the brainpower to make money in stocks. Not everyone has the stomach. If you are susceptible to selling

everything in a panic you ought to avoid stocks and stock funds altogether. ■ Nobody can predict interest rates, the future direction of the economy or the stock market. Dismiss all such forecasts and concentrate on what is actually happening to the companies in which you have invested. ■ If you study 10 companies,

you will find one for which the story is better than expected. If you study 50, you will find five. There are always pleasant surprises to be found in the stock market. ■ If you do not study any companies, you have the same chance of success at buying stocks as you do in a poker game if you bet without looking at your cards. ■ Time is on your side when you own shares of superior companies. You can afford to be patient.

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1970	£30,269	£2,369
1975	£35,455	£3,304
1980	£72,231	£5,046
1985	£191,470	£7,741
1990	£396,266	£12,052
1993	£677,973	£14,155

This table may come as a shock for building society account holders.

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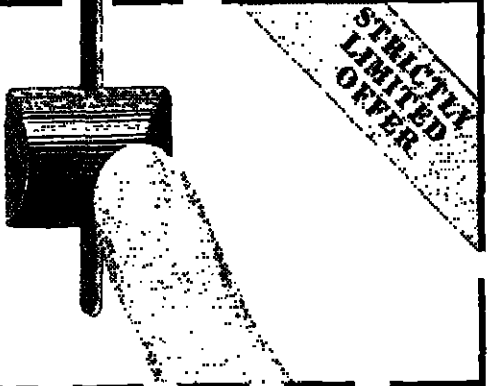
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FINANCE AND THE FAMILY

Diary of a Private Investor

Research — the key to success

Kevin Goldstein-Jackson explains how he picks profitable shares... and some that aren't

THE MAN at the boring cocktail party was disbelieving. "Are you really Kevin Goldstein-Jackson?" he asked. I felt like replying "No, I am really Zang from the planet Jupiter," but I resisted the temptation.

A few minutes earlier, I had been accosted by a woman who said: "Oh! You do exist. I thought Kevin Goldstein-Jackson was all made up by journalists."

Once people are convinced I am not a product of someone's imagination, they tend to ask if the things I write about in *Diary of a Private Investor* are all true. Can I give them some hot share tips and how do I find out about companies before I invest in them?

The answers to all these questions are comparatively easy. My brief for this column always has been to write about things that have happened (or are happening) to myself or my family. If I say I have had a particular investment experience, then it is true.

The good experiences (like buying shares in NMC for 12.5p and selling them for 20.5p, or seeing certain shares double in price within a year) are just as valid as the bad experiences (like buying 1,500 shares at 300p in Gresham House Investment Trust for my personal pension scheme and seeing them fall to 8p).

Under the Financial Services Act, I am unable to give people specific investment advice other than in the pages of approved publications such as the *Financial Times*. I cannot give people specific advice (like "hot" share tips), either in person or by letter.

Someone once said to me: "I like to do what you seem to do. Walk around watching what people are buying. Trying to spot the next trends. But if you see a particular product that is selling well, how can you find out who made it so you can buy shares in the company? Even if there is a manufactur-



To trace the identity of a company's ultimate owner, the first step is a trip to the local reference library and a look at Who Owns Whom

er's name on the product, that manufacturer might, in these days of multi-national corporations, be owned by another company — so how do you find the name of the ultimate owner?

In such cases, I go first to my local reference library and look at *Who Owns Whom*. This is a series of separate weighty volumes covering the UK, Europe, North America, Australasia and the Far East. It lists many thousands of subsidiaries, with details of their parent companies.

If *Who Owns Whom* cannot provide the answer, then I might ask British Telecom's directory enquiries service to provide me with the number of the company named on the product so I can ask it directly. If the product is made overseas, then I try to find a friendly shop assistant who can tell me the name of the UK distributor.

Sometimes, of course, the product is made by a private company and shares in it cannot be bought. Or the product comes from a public-quoted company which, for one reason or another, I would not touch with a barge pole.

I also subscribe to *Company*, the weekly magazine for people in the advertising industry. It can be found in many public libraries and is very useful for giving advance notice of new-product launches, with details of the advertising agencies concerned and the makers.

In previous *FT* articles, I have described a number of the things for which I look in a company before I invest. But to find many of those items (like details of directors, profits records and debt levels), I use three publications produced by Hemmington Scott Publishing of City Innovation Centre, 26-31 Whiskin Street, London EC1R

ODT. The most useful is the *Hemmington Company Guide*, published every quarter; an annual subscription costs £39. It is available, at a higher charge, on computer disc. The guide gives profits records and other information about each UK-quoted company.

The *Arthur Andersen Corporate Register* is published twice annually and costs £150 a year. This gives much more detailed information about directors — very useful when I want to know the name of a company secretary to contact in order to get the annual report. It includes each company's address.

The third Hemmington Scott publication is the *Performance Rankings Guide*, also published twice annually, for £135 a year. This, as its name implies, grades companies by a wide variety of criteria: from earnings per share based on a five-year trend, to profit margins

within certain sectors.

Many companies use the *FT's* Annual Reports service where, for the cost of a phone call, a reader can get a free copy of any of the reports produced by the participating companies. Details are given on the newspaper's share price pages. I have found this service to be fast and efficient, and the line is open 24 hours a day.

Another useful publication is the *Estimate Directory*, obtainable from Edinburgh Financial Publishing, Freeport, Edinburgh EH3 0EN. This is published monthly and an annual subscription costs £350. But you can buy four issues — one sent each quarter — for just £120.

The directory is quite new. It started in March last year and collects wide variety of stockbrokers' estimates for the profits and earnings per share of many quoted UK companies. It also contains details of major

shareholders, and a brief outline of the company's main activities.

In future, whenever I am depressed about poor performance from a share I have selected, I will turn to the mid-February 1993 issue of the directory and look at the entry for Queens Moat Houses. It tells how, earlier this year, well-known brokers with highly-paid analysts were predicting profits for the company of £85-90m.

I did not buy shares in Queens Moat. I had read the receivership sales notices in the *FT* and noted there were a lot of hotels for sale at quite low prices (including some well-known names). So, why did anyone think Queens Moat would perform well when, clearly, conditions were tough?

Some people expect me to sit behind a flickering computer screen full of information. I think that is the quickest way not to see the wood for the trees — too much information can be just as damaging as too little. But, as well as the reference books mentioned earlier, I also have a large number of company reports plus a collection of press cuttings from the *FT* and other publications especially the weekly *Investors Chronicle*.

The cuttings all relate to particular companies in which I have money already or am monitoring for possible future investment. I also keep copies of the *FT's* share price pages for the last trading day in each year so that I can look back on the annual share price highs and lows for each company.

As much as anything, I like to walk around in the real world, getting a "feel" for a product, a company or a trend. Any private investor can do the same; it does not require any special skill or super-intelligence. I am just an ordinary person who wins sometimes and loses at others. So long as the profits are more than the losses, I will continue doing it my way.

TAKE-OVER BIDS AND MERGERS				
Company	Value of bid for	Market price	Price of bid	Value of bid
Abertis Fin. Ind.	15	15.5	16	7.75
Abertis Fin. Ind.	88	78	78	7.75
Abertis Fin. Ind.	35	35	35	7.75
Abertis Fin. Ind.	35	35	35	7.75
Abertis Fin. Ind.	35	35	35	7.75
Abertis Fin. Ind.	35	35	35	7.75
Abertis Fin. Ind.	35	35	35	7.75
Abertis Fin. Ind.	35	35	35	7.75
Abertis Fin. Ind.	35	35	35	7.75
Abertis Fin. Ind.	35	35	35	7.75

PRELIMINARY RESULTS				
Company	Sector	Year to	Pre-tax profit	Dividend per share
Abertis Fin. Ind.	Transp.	Dec	8,800 L	11,300 L
Abertis Fin. Ind.	Transp.	Dec	1,800 L	64,400 L
Abertis Fin. Ind.	Transp.	Dec	2,810 L	277 L
Abertis Fin. Ind.	Transp.	Dec	3,160 L	4,490 L
Abertis Fin. Ind.	Transp.	Dec	8,800 L	8,810 L
Abertis Fin. Ind.	Transp.	Dec	33 L	33 L
Abertis Fin. Ind.	Transp.	Dec	1,200 L	1,200 L
Abertis Fin. Ind.	Transp.	Dec	352 L	1,000 L
Abertis Fin. Ind.	Transp.	Dec	8,230 L	8,189 L
Abertis Fin. Ind.	Transp.	Dec	1,080 L	2,478 L
Abertis Fin. Ind.	Transp.	Dec	11,200 L	8,108 L
Abertis Fin. Ind.	Transp.	Dec	1,700 L	20,400 L
Abertis Fin. Ind.	Transp.	Dec	804 L	21,100 L
Abertis Fin. Ind.	Transp.	Dec	1,480 L	2,110 L
Abertis Fin. Ind.	Transp.	Dec	1,010 L	277 L
Abertis Fin. Ind.	Transp.	Dec	5,480 L	4,130 L
Abertis Fin. Ind.	Transp.	Dec	291 L	259 L
Abertis Fin. Ind.	Transp.	Dec	1,510 L	8,500 L
Abertis Fin. Ind.	Transp.	Dec	3,100 L	2,810 L
Abertis Fin. Ind.	Transp.	Dec	18,200 L	26,900 L
Abertis Fin. Ind.	Transp.	Dec	11,500 L	8,500 L
Abertis Fin. Ind.	Transp.	Dec	5,750 L	2,810 L
Abertis Fin. Ind.	Transp.	Dec	131 L	259 L
Abertis Fin. Ind.	Transp.	Dec	1,110 L	294 L
Abertis Fin. Ind.	Transp.	Dec	12,000 L	15,100 L
Abertis Fin. Ind.	Transp.	Dec	11,800 L	16,700 L
Abertis Fin. Ind.	Transp.	Dec	747 L	1,000 L
Abertis Fin. Ind.	Transp.	Dec	28,200 L	15,400 L
Abertis Fin. Ind.	Transp.	Dec	38,800 L	82,400 L
Abertis Fin. Ind.	Transp.	Dec	16,000 L	7,750 L
Abertis Fin. Ind.	Transp.	Dec	7,280 L	7,280 L
Abertis Fin. Ind.	Transp.	Dec	782 L	14,500 L
Abertis Fin. Ind.	Transp.	Dec	1,250 L	6,000 L
Abertis Fin. Ind.	Transp.	Dec	12,600 L	14,500 L
Abertis Fin. Ind.	Transp.	Dec	3,300 L	3,300 L
Abertis Fin. Ind.	Transp.	Dec	190 L	108 L
Abertis Fin. Ind.	Transp.	Dec	38,200 L	27,100 L
Abertis Fin. Ind.	Transp.	Dec	8,300 L	8,110 L
Abertis Fin. Ind.	Transp.	Dec	24,400 L	21,200 L
Abertis Fin. Ind.	Transp.	Dec	2,480 L	2,300 L
Abertis Fin. Ind.	Transp.	Dec	128,700 L	16,700 L
Abertis Fin. Ind.	Transp.	Dec	2,200 L	2,200 L
Abertis Fin. Ind.	Transp.	Dec	4,210 L	6,700 L
Abertis Fin. Ind.	Transp.	Dec	84,000 L	47,300 L
Abertis Fin. Ind.	Transp.	Dec	61,800 L	48,100 L
Abertis Fin. Ind.	Transp.	Dec	27,400 L	4,300 L
Abertis Fin. Ind.	Transp.	Dec	2,200 L	2,200 L
Abertis Fin. Ind.	Transp.	Dec	954 L	1,150 L
Abertis Fin. Ind.	Transp.	Dec	30,200 L	27,800 L
Abertis Fin. Ind.	Transp.	Dec	1,740 L	1,740 L
Abertis Fin. Ind.	Transp.	Dec	4,080 L	6,120 L
Abertis Fin. Ind.	Transp.	Dec	1,200 L	1,200 L
Abertis Fin. Ind.	Transp.	Dec	1,430 L	1,430 L
Abertis Fin. Ind.	Transp.	Dec	5,030 L	5,030 L
Abertis Fin. Ind.	Transp.	Dec	10,100 L	8,600 L
Abertis Fin. Ind.	Transp.	Dec	988 L	702 L
Abertis Fin. Ind.	Transp.	Dec	967 L	830 L
Abertis Fin. Ind.	Transp.	Dec	3,000 L	2,450 L
Abertis Fin. Ind.	Transp.	Dec	18,200 L	11,710 L
Abertis Fin. Ind.	Transp.	Dec	208 L	208 L
Abertis Fin. Ind.	Transp.	Dec	89,800 L	218,000 L
Abertis Fin. Ind.	Transp.	Dec	78 L	8,600 L
Abertis Fin. Ind.	Transp.	Dec	580,800 L	845,500 L
Abertis Fin. Ind.	Transp.	Dec	489 L	280 L
Abertis Fin. Ind.	Transp.	Dec	585 L	720 L
Abertis Fin. Ind.	Transp.	Dec	13,300 L	13,300 L
Abertis Fin. Ind.	Transp.	Dec	12,800 L	15,100 L
Abertis Fin. Ind.	Transp.	Dec	4,182 L	1,859 L
Abertis Fin. Ind.	Transp.	Dec	23,400 L	20,100 L
Abertis Fin. Ind.	Transp.	Dec	2,180 L	6,410 L
Abertis Fin. Ind.	Transp.	Dec	1,800 L	1,800 L
Abertis Fin. Ind.	Transp.	Dec	18,600 L	27,100 L

INTERIM STATEMENTS				
Company	Sector	Half-year to	Pre-tax profit	Interim dividend per share
Black & Edgington	Eng	Jan	704	1,800 L
Courtyard Leisure	H&L	Sept	196 L	58 L
Highland Hill	S&D	Feb	21,200	14,700 L
Manchester United	H&L	Jan	4,020	6,170 L
TP Europe	Transp.	Jan	2,300	6,100 L
Ward Stores	Wh&R	Feb	4,040	5,0 L
Ward Stores	Wh&R	Jan	13	579 L

BUILDING SOCIETY SCHEMES				
Contributions paid over 10 years to January 1 1993	Cash Accumulation	Equivalent annual rate of return % per annum		
Nationwide	11,305	12.4		
Coventry	11,303	12.4		
Northern Rock	11,288	12.3		
Bristol & West	11,273	12.3		
Woodwich	11,255	12.3		
Abbey National	11,212	12.2		
Halifax	11,188	12.2		

WITH PROFITS INSURANCE SCHEMES				
Contributions paid over a 10 year period to January 1 1993	LAUTRO Terms Excluding terminal bonus	LAUTRO Terms Including terminal bonus		
CIS	11,371	12.5	16,498	17.7
Norwich Union	11,041	11.9	14,977	17.7
Prudential	9,970	10.0	14,371	15.7
Standard Life	10,323	10.6	13,473	15.7
Sun Alliance	10,924	11.7	13,551	15.6
Equitable Life	13,445	15.6	13,445	15.6
National Mutual Life	10,291	10.6	13,790	16.1
Equitable Life	8,731	9.5	13,772	16.1
Friends Provident	10,043	10.7	13,110	15.2
Scottish Equitable	9,928	10.7	12,877	14.8
Britannia Life	10,980	11.8	12,648	14.5
London Life	10,418	10.8	12,915	14.9
Legal & General	11,786	13.1	12,748	14.6
Scottish Mutual	11,619	12.9	12,302	14.0
Scottish Widows	9,759	9.6	11,824	13.2

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS				
Optical Group is expected to raise £30m via its Stock Exchange listing in June.				
Courtyard Leisure is to raise £254,000 through an open offer of 3.48m shares at 10p and subscription.				
David Service Group is to raise £34.7m via a tender placing at 20p.				
Pelican Group is to raise £7.4m via a placing and open offer.				
Sherwood Group is to raise £10.7m via a placing and open offer.				

RESULTS DUE				
Company	Sector	Announcement date	Last year	This year
ALSTOM	Transp.	Wednesday	1.8	1.8
Ashley (Laural)	S&D	Thursday	0.1	0.1
Blue Circle	S&D	Thursday	3.75	7.5
Brooks Service	S&D	Thursday	1.3	2.6
Campan International	S&D	Thursday	3.0	3.0
Cranes Europe	Eng	Wednesday	n/a	n/a
Shy (Pittsburgh)	S&D	Friday	1.5	1.5
Erin	H&L	Thursday	1.2	0.7
Foris	H&L	Thursday	2.75	7.16
FR Group	Eng	Tuesday	2.24	4.26
Golden Vale	H&L	Wednesday	2.2	3.3
Golden Vale	H&L	Wednesday	0.42	0.94
Governors	M&S	Wednesday	1.0	1.0
Irish Life	H&L	Wednesday	n/a	n/a
Irish Life	H&L	Wednesday	n/a	n/a
Kingspan Group	S&D	Wednesday	1.0	1.2
Manitex	Eng	Thursday	1.2	2.4
Parsons	Eng	Thursday	0.55	0.55
Ranston Group	S&D	Thursday	n/a	n/a
RMC Group	S&D	Thursday	0.6	1.34
Russell (Alexander)	S&D	Thursday	1.0	1.15
Shenfield	H&L	Friday	2.2	3.9
Sylva-Pickman	Eng	Thursday	2.25	3.5
The Rank	H&L	Wednesday	0.5	0.5
Tutor	S&D	Thursday	n/a	n/a
Verity Group	H&L	Thursday	1.2	1.8
Yale Cattle	Eng	Wednesday	2.3	3.1

THE WEEK AHEAD				
Company	Sector	Announcement date	Last year	This year
Automated Security	Eng	Thursday	2.25	3.05
Sphere Two Ltd	Eng	Thursday	0.75	0.85

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1993/94

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THE M&G FULL £6000 UNIT TRUST PEP

WITH the financial crisis at Queens Moat Houses still not fully explained, the rest of the hotel sector is being closely watched. Forte reports full year results next Thursday, with the City expecting pre-tax profits of about £70m, compared with £73m last time.

Some expect the group to cut its 9.91p a share dividend. If it does, criticism is likely to be muted, with many regarding a cut as evidence of financial sobriety. The group is likely to be pressed on whether it would

be interested in any of Queens Moat's Continental properties, should these become available. Blue Circle Industries and RMC Group will bring more news on Thursday about the building materials sector. The former, with about half the UK cement market, is expected to report pre-tax profits for 1992 of about £85m, down sharply from £124.2m a year earlier. There is some question hanging over its 10.9p a share dividend.

RMC, benefitting from its

FINANCE AND THE FAMILY

Irish Life strikes a blow for industry reform

IRISH LIFE made a small but significant breakthrough for reform of the life insurance industry this week.

From now on it will not offer combined savings and life insurance products. Customers can buy both at the same time if they wish and combine them with one payment for extra convenience, but the costs of the two will be itemised and kept separate.

This makes good sense. Savings and life insurance are different needs and it is unlikely that many people will need to do both at once. If you only need to take out insurance for your family in case you die, there seems little point in saving any extra.

The approach does not sound revolutionary, because it keeps up the standard industry practice of using an irritating brand name. But behind the "Total Quality Lifestyle" range of life and savings products lies some potential good value.

How could the approach save you money? Irish Life provide the following example for a 30-year-old man who wants to cover his life for £250,000 for the next 20 years.

Under a standard flexible whole of life policy, which includes an investment element, Irish Life says this would cost £307.65 per month for 20 years (assuming the fund grows at 7.5 per cent, and that the cover is indexed at 5 per cent annually).

Using standard Lauro illustrative growth rates, this would produce a fund value of £154,000 on growth of 7 per cent, and of £315,000 on growth of 10.5 per cent.

This sounds like an adequate deal. However, under the new TQL system, Irish Life would ask for life assurance premiums of only £54.95 per month, to cover for 20 years. If our 30-year-old also wanted to save then he could, if he wanted, put £252.70 towards the TQL Savings contribution and still pay the same as he would have done in total premiums under his flexible whole-of-life contract.

Using the same Lauro assumptions, this would grow

to £178,000 on growth of 7 per cent - 16 per cent more than the £184,000 from the whole-of-life policy. On a growth rate of 10.5 per cent the gain is even more pronounced - £379,000, an advantage of 20 per cent.

Unbundling life insurance is not easy, and Irish Life's new "Total Quality Lifestyle Account" includes three forms of insurance, two forms of term insurance and two savings plans. Contributions in each area are analysed and priced separately. However,

beyond claiming that the OFT's figures would be difficult to calculate. This is particularly the case for with-profits contracts, where investment profits are added via arcane annual bonus systems and do not fluctuate with a unitised fund.

Life insurance is an integral, although minor, part of endowment policies, which offer life assurance but also pay out at the end of a fixed period even if you are still alive. The sum you would receive on death

Union reckoned that £1.20 from each premium would be needed to pay for the life cover. Standard Life reckoned on 80p for a 10-year policy, and 95p for a 25-year policy. GA Life estimated the cost at 55p per month.

The Prudential was unable to produce a figure, although the company emphasised that it was quite prepared to disclose it - the problem was making the complex actuarial calculations involved. Legal & General refused to disclose the information on grounds of business confidentiality.

The Office of Fair Trading provided an example of the disclosure it would like to see from a good company, and estimated that life cover would cost £18 each year out of total premiums of £600 - or £1.50 from £50 premiums.

A message common to all was that endowments should always be treated as investments. That is why the OFT wants life offices to disclose the same information for endowments as they do for unit trusts, which have no life cover element.

In the meantime, Irish Life's exercise should make life assurance easier to understand, while allowing customers to shop around. Will other companies follow its lead?



The company will now not offer combined savings and life insurance products, reports John Authors

the convenience of keeping the disparate elements under one heading, often touted by life insurance salesmen, is maintained by allowing all three elements to be administered under one account number using one direct debit and one administration fee.

According to Tony Dallison, marketing manager: "One of the common complaints from clients is that the product they purchase cannot change with their circumstances, or that if it can, there is a heavy penalty charge. This is no longer the case."

Irish Life should not be judged on its new improved structure alone. Ultimately, its products must stand on the cheapness of the protection premiums and the strength of its investment performance. It is likely that you will be able to get better value by shopping around. But the move does make life assurance easier to understand, and makes it harder for less scrupulous sales agents to sell people products which they do not need.

It is also timely, as the Office of Fair Trading recommended last month that insurance companies should be forced to reveal what proportions of life premiums went towards investment and assurance.

The life insurance industry has not yet made a detailed response to the proposals

increases during the life of the policy, in line with investment returns.

The exercise of separating life cover from the rest of the investment proved difficult for all the large endowment providers contacted this week by the *Weekend FT*, and different actuarial assumptions may have been used.

They were asked how much of the £30 monthly premium paid into an endowment policy by a 29-year-old man would go towards life cover. Commercial

The 93/94 Perpetual PEP. Don't get left behind.

Societies battle First Option

BUILDING societies are trying to fight back against the competitive threat offered by the First Option bond from National Savings, which is offering 6.34 per cent gross (4.75 per cent net) to those who invest £1,000 for a minimum period of a year.

That return is beaten by the Portman society, which is paying 6.5 per cent gross (4.875 per cent net) for investments of more than £500. The rate is guaranteed for a year.

Meanwhile, the Better Option bond from Bristol & West, available from April 13, will guarantee 6.75 per cent gross (5.06 per cent net) for a year on deposits of more than £5,000.

On amounts over £25,000, the bond will pay 7 per cent gross (5.06 per cent net); the First Option will pay 6.74 per cent gross on investments of more than £20,000.

Some societies have warned that if First Option draws away their deposits, they will have to raise savings rates to compete. If that happened, mortgage rates would have to increase as well.

But Ken Culley, Portman's chief executive, said: "Both my own society, and others, are

demonstrating that we are able to continue to offer attractive rates of return to savers, and talk of rising mortgage rates at this stage is premature."

A different fixed-rate option is available from Bristol & West.

Its escalator bond, available to those with £5,000, pays a rate of interest which is guaranteed to increase every year for five years.

In the first year, the annual rate is 7 per cent gross (monthly 6.79 per cent); the second year 7.5 per cent (7.25 per cent monthly); the third year 8 per cent (7.72 per cent); the fourth year 8.5 per cent (8.19 per cent); and the fifth year 9 per cent (8.66 per cent). There is no early access, except in the case of the investor's death.

■ Cheltenham & Gloucester is closing its Best 90 account to new investors from April 17. The account guarantees to pay the highest 90-day rate of any top 10 building society (plus Abbey National) on amounts of £10,000, £25,000, £50,000 and £100,000.

The guarantee extends until May 1994.

Philip Coggan

EZTs shunned

ENTERPRISE Zone Trusts turned into the twilight zone last year. Only £43.2m was invested in them in 1992-93, compared with more than £180m in 1991-92.

This may seem strange, as the tax relief on EZTs is generous - you are entitled to relief at your top marginal rate of tax, without any upper limit, on investments in enterprise zone property. Tax relief is available on loans taken out to fund the property, and rental income is also tax-free.

However, commercial property is inflexible and presently ravaged by a slump in prices. The tax rules governing EZTs are tortuous. These factors have forced down the demand for EZTs.

According to Ian Pugh, of the Allenbridge Group, unresolved issues also dented confidence. Problems interpreting the rules for apportioning a value for the land on which the property is built, on which tax relief is not available, forced many trusts to wait as long as a year before the value of their

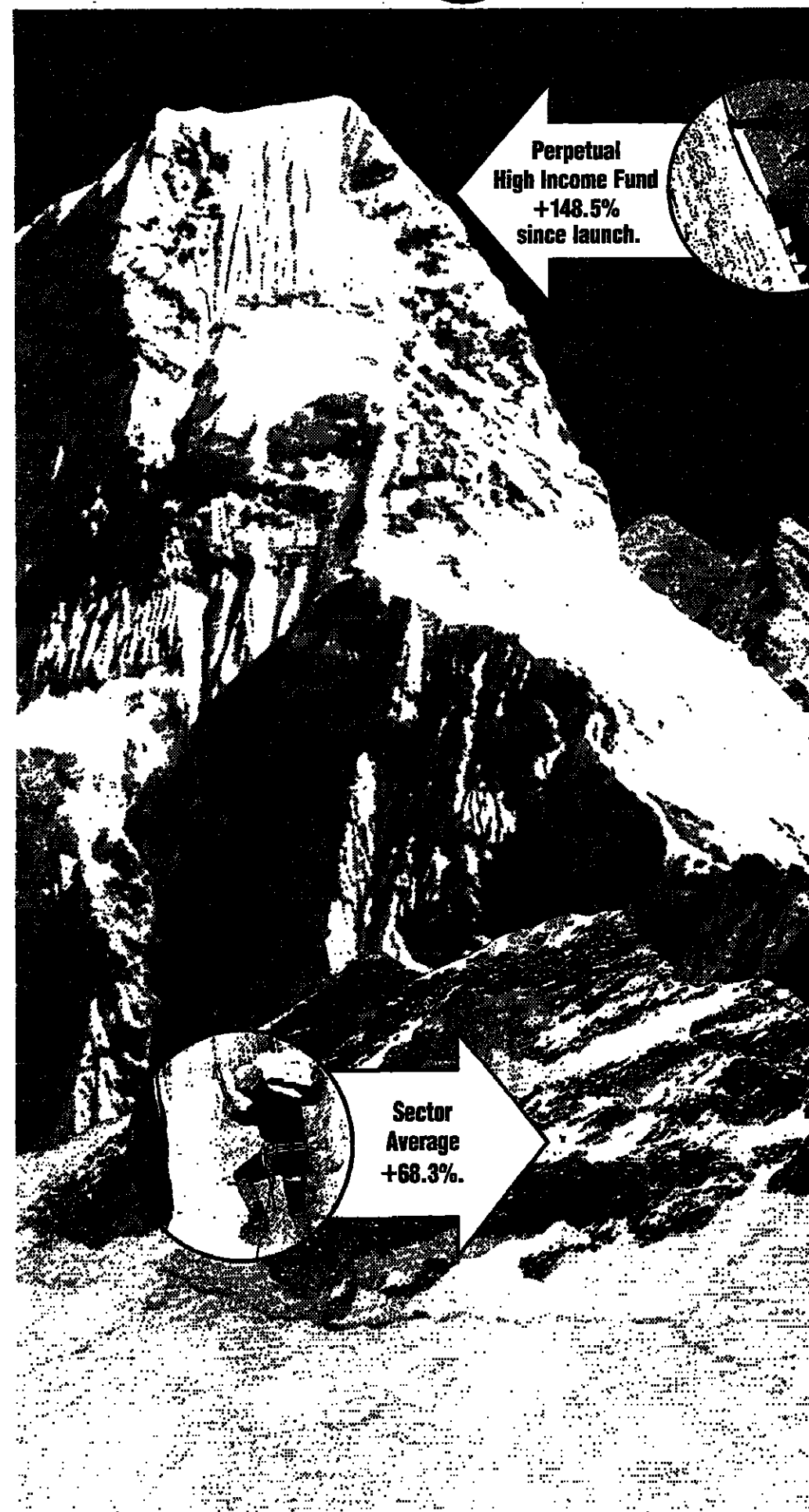
tax relief was known.

The Concept Regional Portfolio trust, sponsored by the solicitors Nall Clerk, fell foul of an Inland Revenue attack on the rental income stream it has arranged for investors to receive while the properties are being built. Negotiations are continuing, but investors meanwhile soldier on without their tax relief. Hardly surprising: the Revenue can only be expected to be indignant about paying tax relief on an income derived from a building which has yet to be built.

However, investors should not rule out EZTs altogether, particularly as the BES is to be phased out at the end of the year. Some trusts had a solid structure, offered good value, and sold out quickly this year even without the benefit of publicity.

But investors must also have learnt that this is a dangerous market. Opportunities exist, but nobody should try to take them without taking professional advice.

John Authors



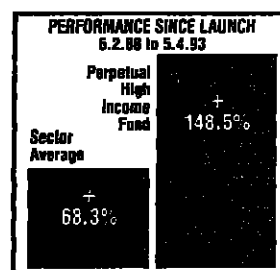
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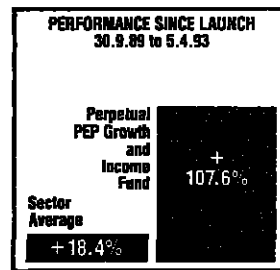
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Over the last five years the offer value of units in the Perpetual High Income Fund has risen by 139.9%. All performance figures are to 5.4.93, are on an offer-to-offer basis and include gross reinvested income (source: Micropal). Prevailing tax levels and reliefs are liable to change and their value will depend on the individual circumstances of the investor. The value of units and the income from them can fall as well as rise (this may partly be the result of exchange rate fluctuations) and investors may not get back the amount invested. Past performance is not necessarily a guide to future performance.

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Throgmorton's painful fightback

shares, at 58p on April 6, is at a discount of 21 per cent, according to NatWest Securities. The dividend yield is 5 per cent and the annual management fee around 0.93 per cent.

■ **Board**
The chairman, Lord Stewardby, was economic secretary to the Treasury from 1983 to 1987. Other executive directors are Peter Courtney (finance); Paul Loach (managing director of Framlington) and Brian Rount (managing director of the property subsidiary). Non-executives are Sir Victor Garsland, a director of the Prudential, Richard Good, also chairman of Thornicroft Dural; Michael Orr, chairman of Molins; and Michael Windsor, executive chairman of Horstmann Group.

■ **Savings scheme and Pep details**
The minimum monthly investment in the savings scheme is £25, or £250 for a lump sum. There are no dealing charges. The trust qualifies for full Pep status but no specific plan is intended to it.

BES: cause for anxiety

at are the prospects for supply over the year?

—abolition of non-recourse loans has damaged the economics for building using the BES for repossessed. It remains cheap finance for them. In lack of a quick exit route means it would have to be prepared to pay money over several months, which the BES less attractive.

—Halifax is now unlikely to use the . It points out that raising funds is too complex, although it is still raising the BES as an option. But the Housing Society Association disagrees, there will be plenty of repossessed available to BES companies for the year.

—lenders have another problem. The are confused this year because the season will end with the calendar at the tax year. An imminent deadline allow intermediaries to hurry into making decisions, but it is wise to resist the pressure. If you know how much top-rate tax you

[illegible]

Prolific offers Pep bonus

PROLIFIC is offering a 1.25 per cent discount on all unit trust investments made into its unit trust personal equity plans. The offer applies to plans taken out between April 6 and June 1. Switching costs between unit trusts within the Pep have also been lowered, with a full discount of the manager's initial charge available.

Save & Prosper is waiving its initial plan charge on its all-share Peps, the Managed Portfolio and Dealing plans, for investors who invest more than \$4,000 before the end of May. It is also offering a 2 per cent discount on its unit trust Pep (the effect is to cut the initial charge from 5.5 to 3.5 per cent) on the same terms.

return is 5 per cent gross (£3.75 per cent net); between £10,000 and £249.99, 5.5 per cent gross (4.35 per cent net); between £250 and £499.99, 6.8 per cent gross (5.1 per cent net); between £500 and £999.99, 7.3 per cent gross (5.48 per cent net); and between £1,000 and £5,000, 8 per cent gross (6 per cent net).

A new account called Top 20 is on offer from Norwich & Peterborough BS. Withdrawals are subject to 20 days' notice, or 20 days' loss of interest. The minimum investment is £10,000.

Investments above that and

below £25,000 will receive 5.75 per cent gross (4.5125 per cent net); the top rate is 7.08 per cent gross (5.5875 per cent net) on investments over £100,000.

■ ■ ■

THE INSTITUTE of Financial Planning, which promotes professional, fee-based financial advice, has launched its first financial planning examination. Successful applicants can use the exam as the final step towards gaining associate membership of the IFP (becoming an AIFP).

In future, consumers will

know that anyone with these letters after their name has passed two three-hour "open book" written examinations, working on case studies of *fictions people and business situations*.

The range of the syllabus is broad, including banking, cash investments, credit and mortgages, tax planning, pensions, annuities, trusts, and types of investment for *both lump sums and regular savings*, including investment planning. Candidates will also need to be able to write reports and use financial calculators.

Directors' Transactions

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)				
Company	Sector	Shares	Value	No of directors
SALES				
Admiral	Elms	4,000	14	1
Annerheim Int'l	Hith	10,000	72	1
Bennet Corp	Pack	1,903,551	5,730	1
SPP Holdings	Bdla	4,000	11	1
STR warrants	Ohl	7,754	13	1
Deb Tewes & Chinn	Prop	20,540	17	3
Daventish (JA)	Brew	4,750	13	1
Ellis & Everard	Chem	7,884	15	1
Fairley Group	EngG	2,000	13	1
Prognome Estates	Prop	60,000	230	1
Gant (SR)	Text	25,000	16	1
Inv' Gordon Distiller	Brew	11,000	30	1
Lloyd Thompson	InsP	800,000	2,240	2
London Merc Der&Ord	Prop	17,777	14	1
M & W	Food	25,000	28	1
Macalain-Glenlivet	Brew	300,000	540	1
Macro 4	Bns	2,000	24	2
P & O	Tran	23,338	141	1
Rights & Issues Cap.	InTr	8,500	19	1
Schrodens	Merc	30,000	435	2
Scottish Nat Zero	InTr	6,250	13	1
Town Centre Sec	Prop	29,000	28	1
Victaulic	EngG	8,500	29	2
Vislec	Bns	1,400,000	378	1
Wolstenholme Bnk	Bdla	505,000	510	2
	Chem	4,951	22	1
PURCHASES				
APV	EngG	10,000	10	1
Aukett Associates	Prop	235,000	28	2
CrestaCare	Hith	1,787,302	558	2
CRP Leisure	C&C	4,686,686	28	2
CHP Holdings	Motr	300,000	23	2
EMAP	Med	8,500	29	1
Hall Engineering	EngG	8,500	16	1
London & Clyde&de	C&C	100,000	55	1
Lugac	Motr	10,000	13	1
Phillingim	Bdla	10,000	12	1
Read International	Med	5,000	33	1
Tinsley Robot	Pack	755,000	46	1
United Industries	Melt	108,000	16	2
Walsale Fittings	Elcs	41,435	96	1

SCARBOROUGH building society has launched Young Super Saver, an account which pays up to 8 per cent gross to those under 18. The minimum investment is £10. Between £10 and £99, the

accommodation for the elderly. Andrew Tase was appointed recently as chief executive, and he and a non-executive director bought more than 1.78m shares at prices around 32p.

**Colin Rogers,
Directus Ltd**

value expressed in 2000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 29 March - 2 April 1993.

Source: Directus Ltd, The Inside Track, Edinburgh

FINANCE AND THE FAMILY

THE TOKYO stock market, which seemed only last year to have nowhere to go but down, has revived. The Nikkei 225, which in August reached a low for the decade of 14,828, peaked briefly above 20,000 this week.

For non-Japanese investors, the strength of the yen has given an extra boost to returns. The Japanese market was up 18.6 per cent in dollar terms in the first quarter of 1993, making it the best-performing major market bar South Africa. Over the year to April 6, the rise in dollar terms was 42.3 per cent.

For UK investors, the effect of September's devaluation, makes the rebound even more dramatic. Since the Nikkei's low in August, the index is up around 89 per cent in sterling terms.

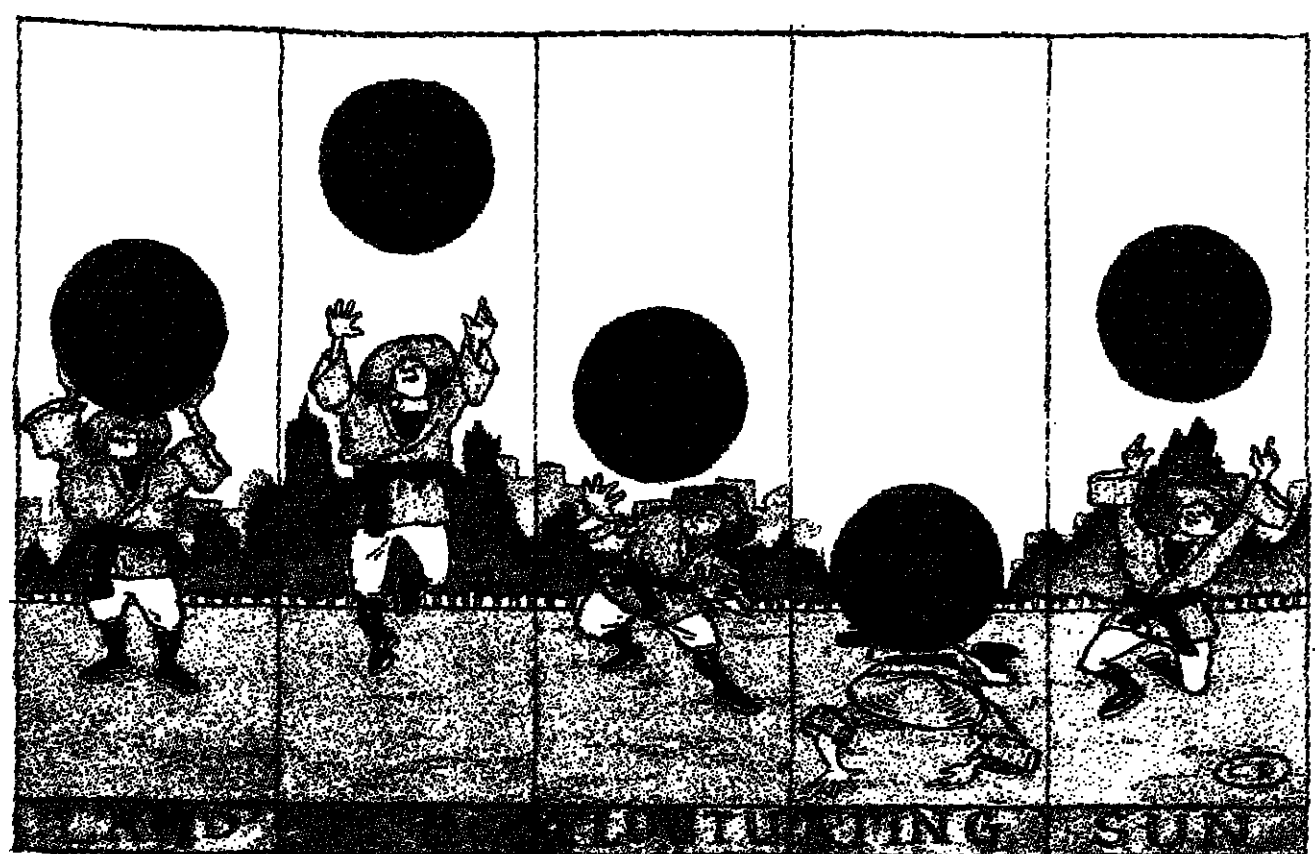
The average Japanese unit trust rose 38.2 per cent (offer to offer with income re-invested) over the six months to April 1, according to *Finstat*. But the market continues to trade at only half its level at the start of January 1990. So, private investors should be asking: is the rally set to continue, or have those who buy now missed the boat?

Ian Burden, who manages the James Capel Japan Growth fund - second in the sector over 10 years, with a rise of 483.9 per cent - says the rebound "feels completely different from any of the bear market rallies we have had over the past few years. The authorities are moving to a much more pro-active and aggressive policy stance."

He points to the speed with which the 1993 Budget was passed. "The Japanese economy is in severe recession, but fiscal policy is being used quite aggressively and there has been a gradual improvement in liquidity."

Burden adds: "The stock market will be an initial beneficiary of any short-term growth in liquidity, just as in the US when interest rates fell sharply and investors moved out of cash and into equities. There has been encouraging anecdotal evidence that the domestic individual is coming back into the market."

That move could be echoed



Tokyo breathes again

But will the market revival continue? asks Philip Coggan

by foreign institutions, Burden feels. "Since Japan has been something of a one-way bet for the past three years, many US and European investors have been underweight in the area."

Burden warns, however: "The news on the economy and earnings is still poor and I am not expecting any really good news on earnings until the period September 1993-March 1994. What the market is doing now is anticipating that 1994 recovery."

John Wright manages the Stewart Ivory Japan fund which, *Finstat* shows, is top of the sector over 10 years with a return of almost 500 per cent (offer-to-bid with net income re-invested).

"The general expectation was that the Japanese government would help the market

ahead of the March year-end when banks have to value their equity holdings," he says. "Nevertheless, the fundamentals of the market are not that lousy. The country can take stimulative measures without putting the Budget into deep deficit, and inflation is very low."

One factor that always puzzles the overseas investor is that Japanese shares tend to trade on very high price-earnings ratios. In the mid-1980s, Japan bulls argued that these were irrelevant to Japan, where accounting standards are different.

The cynical saw that as the kind of argument that can be self-deluding, and the 1990 decline as a come-uppance for those who choose to ignore fundamentals.

Early in the 1990s, the problem has not been that share prices are high but that earnings have fallen dramatically. According to *Datastream*, the P/E ratio on the Japanese market is 49 now. If UK shares ever reached that rating, most sane investors would be heading for the exits.

Wright says Japanese companies are often "not run for bottom line earnings per share, but for market share and volume." He points out, though, that there are important valuation measures other than the P/E ratio: "Japan is cheaper than the UK and the US on a price to cashflow basis."

A further important factor is that the very low interest rates of the 1980s encouraged Japanese companies to splurge on capital spending. This hits

earnings by increasing the depreciation charge. But capital spending now is dropping sharply. This will reduce the depreciation charge and allow earnings to recover. P/E ratios may start to fall.

So, will the market move ahead once more? Wright fears there could be a correction once the Nikkei 225 moves into the early 20,000s. He thinks a more major move could depend on confirmation that corporate earnings are improving. Like Burden, he believes this might not happen until late this year.

Ken Inglis, group investment director at Allied Dunbar, says: "It is reasonable to assume there has been some sort of sea change in attitude towards Japan. The market has reached the end of a long dark tunnel, and it is encouraging for western investors to see that the banks are not leading this rally." He feels that, though the rise will not be continuous, the market has further to climb.

Joanna romps in as top adviser

ATTEMPTING to assess financial advisers is not easy. They specialise in different areas and have to deal with people whose personal finances often differ radically. But a reliable system for judging the quality of advice is central to any reform of the UK's financial services.

The IFA of the Year competition, run by the magazine *Money Week*, has made such an attempt. Advisers were given detailed case studies of households and required to produce a 2,000-word report recommending how best to manage their personal finances.

The winner was Joanna Stone, who works for the fee-charging adviser Murray Noble. The case study she was set, and her response, showed just how complex personal financial planning can become.

Her case was that of Mr and Mrs Robertson, aged 41 and 40, with children of 16 and 13. The couple's annual incomes were £30,000 (including £7,000 in bonuses) for him and £20,000 for her (including £3,000 in bonuses). Both belonged to the company pension scheme, and the family carried private medical insurance.

Most of the income was spent right away, due to mortgage payments of £1,050 a month and school fees of £7,000 a year. But the Robertsons did have assets, including a French cottage and a share portfolio valued at around £10,000.

They had asked for advice simply to assess their position. They believed their budget to be very restricted, with no more than £100 a month to spare.

While nothing much rings alarms bells there, Stone found several areas where she felt the Robertsons needed to alter their finances radically.

She said the big problems were the school fees and the mortgage, which was not protected by life cover, and she set out a plan to re-arrange the family's cash flow.

In descending order of importance, the key aspects were:

■ Agree a new budget and finance structure
Stone spotted that the Robertsons had an outstanding balance of around £10,000 on various credit and store cards. This is a ruinously expensive form of debt, and she pointed out that it was worth selling the equities to repay the card bills. (An equity portfolio would have to be chosen exceptionally well to manage a growth rate greater than a credit card interest rate). She also suggested that they should rent their property in France for £4,000 a year.

These two acts increased greatly the income available for spending each month. She also recommended forming a profit-related pay scheme into

which the bonuses could be paid tax-free, and taking out a fixed-rate mortgage. All of this would allow the Robertsons a sizeable cash reserve.

■ Arrange for further life cover
Stone looked at what the company pension scheme guaranteed and found Mrs Robertson's annual income would increase by only £8,000 after her husband's death while her debts would increase by £6,589. So, she suggested the family take out a protection policy to cover its £160,000 mortgage (at a cost of around £50 a month), plus term cover of £120,000 for Mr Robertson to last until age-65 (costing about £54). She also suggested Mrs Robertson take out term cover (at £24 a month) to cover her until age-60.

■ Replacement income
Stone worked out that if both could not work because of temporary or permanent illness, their disposable income after 12 months (when their employer's sick pay arrangements ran

A fee-based IFA has won a top contest, reports John Authers

out) would be £5,777 a year. So, she proposed that both take out permanent health insurance which would start paying them an income once they had been unable to work for 12 months. (This time lag kept premiums much lower than if the income payments began earlier). Total annual premiums would be £500 (£700 if they wanted inflation protection).

Once this groundwork was in place, Stone suggested the couple build up a cash reserve and then invest in a regular savings scheme (probably the National Savings Yearly Plan), making occasional contributions to a larger portfolio when finances allowed.

What made Stone's work stand out? According to Keith Poplewell, who set the case studies: "The poorer candidates concentrated too much on the clients' need for death benefit. This 'need' may not exist in practice beyond cover for the mortgage and credit card balance... Surely an equal or even greater need is for permanent health insurance, a possibility left relatively unexplored by some entrants."

His final comment was telling: "To suggest, as many candidates did, that the expenditure saved could be invested in monthly savings or pension plans was, in my opinion, misguided. The immediate need for these clients was protection."

Stone's employer, Murray Noble, charges fees but not commission. Thus, it has no incentive to force clients straight into a high commission-bearing savings plan based on life assurance.

Amanda Richards, editor of *Money Week*, said the remuneration side was very attractive, adding that the magazine had received many strong entries from commission-charging advisers. But the award must cast doubt on the complaint, made often by advisers, that customers will not pay a fee. Murray Noble seems to charge them without difficulty, and the evidence of this competition is that customers get good value for money.

A matter of forms

I HAVE JUST received a dividend from Euro Disney sent by the National Westminster bank. They say the form claiming a French tax refund should be completed in quadruplicate. Does this mean I should send four forms to the NatWest and one to the inspector of taxes in this country? Also, in claiming back the French withholding tax, it seems I shall lose a percentage of it. How much will actually be sent to me and my wife? Finally, do I claim the full amount that is on the dividend slip, as the shares are held

jointly with my wife? She is a 25 per cent taxpayer and I am a non-taxpayer.

■ Send all the completed copies of the form RF4-GB to your tax office. The inspector will complete his part, keep one copy for his file and send the others back to you; you should then send them back to the bank. You will be paid the 50 per cent *avoir fiscal* (tax credit) plus 2.5 per cent out of the 25 per cent withholding tax; so, ultimately, you will bear 22.5 per cent French withholding tax - which is equivalent to 15 per cent of the dividend-plus-*avoir fiscal*.

A joint claim by your wife and yourself will probably be acceptable to the French tax authorities. If your wife's tax affairs are dealt with at a dif-

ferent tax office from yours, however, it might be simpler to ask the bank for another form so that each of you can submit a claim in respect of your half share of the dividend.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

Your Peps are safe

MY WIFE and I are now living permanently in the Netherlands, having left the UK in April 1991, but are still treated as being resident in UK for tax purposes. However, this residential assessment is due to be reconsidered in April 1993 when we expect to be treated as no longer resident.

Both of us have several Peps taken out over a number of years. What will be the position when our situation changes and we are no longer required to pay tax in the UK? Will these investments in Peps be allowed to continue or must they be liquidated?

■ All that happens (under regulation 8 of the Personal Equity Plan Regulations 1989) when a Pep investor ceases to be both resident and ordinarily resident in the UK is that he or she is not entitled to put any more cash into any Peps. The regulation says that the investor "may retain the benefits of the plan (including the right to any relief or exemption due under the plan) subsisting at that time." Ask your UK tax office for the free pamphlet IR89(1992) (Personal equity plans).

Probate will be needed

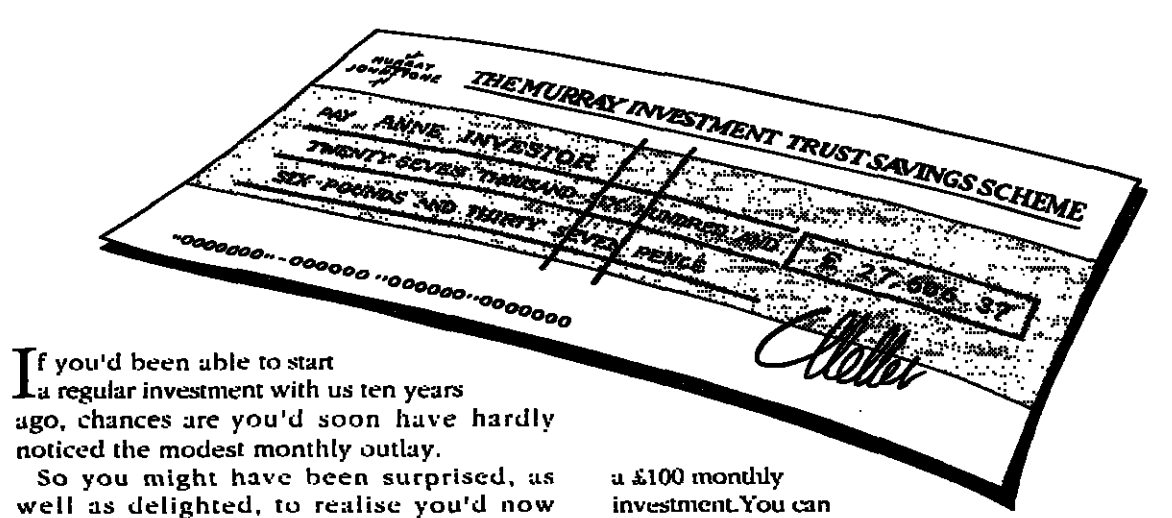
MY HUSBAND and I have made identical wills leaving everything to each other and thence to our married daughter. The house is on a tenancy-in-common basis (50/50) to enable the surviving spouse to alter, if required, the terms of the will within two years of a testator's death by a deed of a family arrangement. Does the will have to go to probate should one of us die? Has the "deed of variation" been abolished?

■ We confirm that the will would have to go to probate. The deed of variation has not been abolished.

This reply was provided by Barry Stillerman of Stog Haywood.

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*£100 invested over 10 years to 1st December 1992. Average return of offer to bid with net income reinvested in Murray Smaller Markets Trust PLC, Murray Income Trust PLC and Murray International Trust PLC. Return £27,606.37 source: Microcap. Remember the price of shares and the income from them can go down as well as up. Past performance is not necessarily a guide to the future. Investors may not get back the amount they invested.

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HOW TO SPEND IT

Making risky arrangements over the phone

How can you make sure that the florist does what you want? Lucia van der Post explains how to pick your words when you say it with flowers

IT'S EASTER... or Mother's Day... or St. Valentine's Day... or somebody's birthday or a friend is in hospital... a "floral tribute" seems just the thing. More substantial than a card, less fattening than chocolates, more welcoming than hankies, nobody anywhere ever had too many flowers.

So you ring up the florist and ask for something pretty and appropriate to be sent. You are profusely and warmly thanked but probably have little real idea of what has been dispatched in your name.

You hope it was everything you dreamed of - an enchanting collection that gives great pleasure but also speaks (but discreetly, of course) of taste, style and generosity.

But taste and style among the Oasis set is a moveable feast. What once was absolutely à la mode - the elaborate confections of yesteryear - are deemed by the taste police of today to be as out-of-date as the power suit. Artlessness and simplicity is what new-age floristry is all about.

Originality, too. No longer do flowers necessarily come wrapped simply in paper and standard-issue ribbon - baskets of every shape and size, glass bowls, even... in Elizabeth Azagury's case... an Hermès scarf

all serve to wrap and contain the flowers, twigs and foliage.

All the most sought-after florists are either going for simple posies of a single flower or doing wild things with twigs and berries, fruits and nuts.

The school of floristry, first pioneered by Pulbrook & Gould, which deemed that "fronds of cow parsley were as important as a stem lily, where a branch of blackberries enhanced rare dark roses, where a small bunch of mixed herbs was more special than a dozen carnations" has won the day.

If you mind about such things how can you be sure of what is being sent in your name? Generous or regular flower senders build up warm and loyal relationships with a particular florist who gets to know their taste and style. But for the rest of us, who resort to florists but rarely, it is a chancier business.

To see just what some of London's best florists are currently offering I decided to draw up a cast of imaginary but typical characters and ask each florist to devise something that they felt would be just right. Photographed here are their solutions.

Pictures: Lydia van der Meer and Trevor Humphries

Forever Flowering, Orchard House, Mortlake Road, Kew Gardens, Surrey TW9 4AS. Tel: 081-392-9929.

We asked for something to please a young girl - not a trendy, disco-going metropolitan miss but somebody sweet and a touch old-fashioned, who dresses at Laura Ashley and Monsoon, bicycles to work, has trouble making ends meet and

whose idea of a good night out is listening to Bach at The Wigmore Hall.

What arrived was perfect - an authentic traditional Sussex garden trug (10 in size) filled with nothing but pink parrot tulips. Delivered exactly as it is, to any address in the UK it would cost £25 plus £5 delivery charge. Orders placed before noon are delivered the next

day. A larger trug, 14 ins size, costs £45 but prices start from £20. There are also sweet little willow baskets with low handles, brimming with flowers.

Or you could order a box of cut flowers tied with a simple white ribbon - choose the colour combination you like best (Forever Flowers tends to favour two colours: white and blue or pink and green).

As Forever Flowering points out, these make double gifts - the flowers are beautiful and afterwards the trug or basket can be used again and again. It can hold eggs or fruit or other flowers.

Forever Flowering specialises in simple, natural country flowers - "If I tell you," says Sandra Rangercroft, who started it, "that we NEVER use

chrysanthemums or carnations that probably tells you all you need to know."

She uses mainly seasonal flowers - at the moment parrot tulips, hyacinths, chinchinches from the Netherlands - and one of her most popular arrangements is a simply tied bunch of dried lavender surrounding a bunch of fresh pale pink parrot tulips.

Azagury, 50 Knightsbridge, London SW1. Tel: 071-235-0799.

From Azagury we asked for something to suit a nice, sweet, gentle Sloane Ranger. She has a small flat in Clapham, her spiritual home is Peter Jones, during the week she cooks lunches for the directors in a merchant bank and at weekends she speeds off to see Mummy and Daddy in Hampshire and exercise her horse.

Elizabeth Azagury produced probably the most stunning and original collection of the lot (see photograph below) - our Sloane Ranger would be very, very impressed.

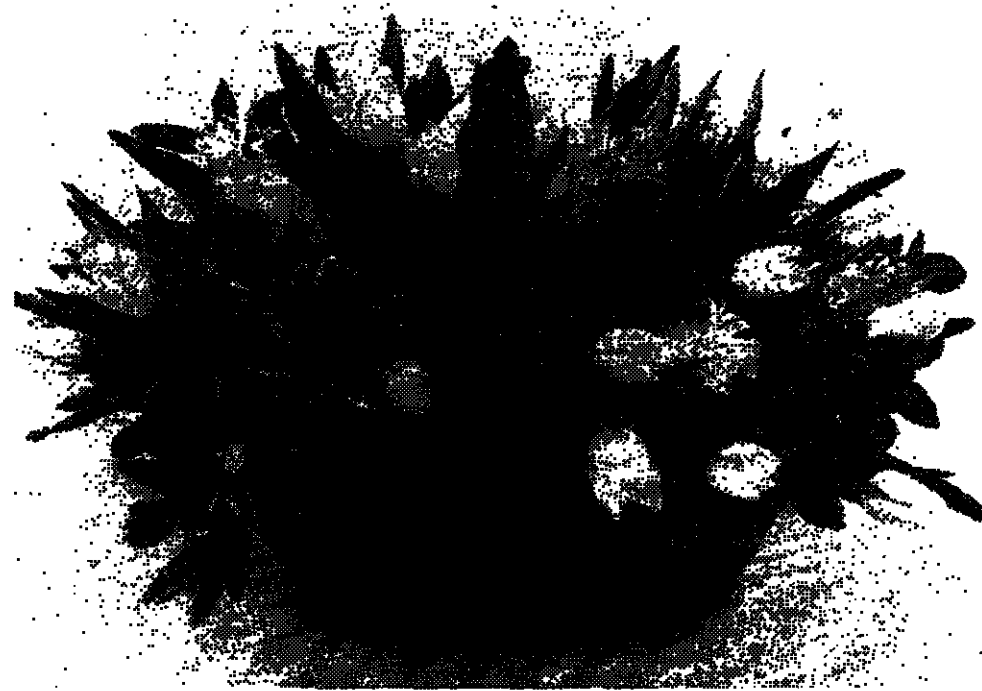
Elizabeth Azagury had done wondrous things with contorted willow and eucalyptus, with pink amaryllis, white lilac and French tulips. With relatively few flowers she had created a very theatrical impression.

By some wizardry she had managed to put together even

this dramatic collection in such a way that all one had to do was undo the wrapping and it was ready to be plunked straight into a vase. The final, witty, Sloane touch was that the whole was wrapped in a beautiful pale blue, white and buttercup yellow Hermès silk scarf. The arrangement cost about £25 without the silk scarf - an extra £135 with it.

Elizabeth Azagury also likes using hot or acid colours and is currently given to teaming fuchsia with purples and oranges. She is also rather fond of lots of lime green. When she is not using hot colours she likes very fresh ones (like the ones used for the arrangement she sent us). She also likes flowers loosely put together, nothing too stiff or too formal, a little touch of wildness never goes amiss - "though it must be properly balanced".

She can only handle deliveries in the London area.



Rob Van Helden, 156 The Grampians, Shepherd's Bush Road, London W6. Tel: 071-603-0443.

We asked Rob to create something suitable for a metropolitan sophisticate - a dauntingly chic successful business woman with an equally daunting lifestyle, given to first-class travel but not to suffering fools gladly. Always the first with the latest trends, she is a demanding customer to please.

Rob's speciality is hugely generous baskets filled with interesting foliage and sophisticated combinations of shades of white, blue and white or white and pink. What he devised for our picky sophisticate is typical of his style - a chunky, reusable basket filled with glossy green foliage and a combination of white hyacinths and tulips, interspersed with berries. Rob's creations are most notable for

their generosity - that is a very large basket, brimming with greenery and flora, and all for £40, including delivery in the London area.

Our picky lady would love the all-white combination (this is chic in her circles) and she would love the fact that she does not have to stop and arrange the flowers herself - she can simply put the whole basket on to a convenient table and there it will sit looking chic, voluptuous and smelling wonderfully of the country.

For those who want to send something smaller Rob also does simple tied bouquets, or sometimes uses glass containers (again the collection arrives ready to be put wherever it looks best). He likes best to use seasonal flowers and is particularly fond of single-colour arrangements - blue hyacinths at the moment are a particular favourite.

His prices include delivery in the London area but, for an extra delivery charge, he will deliver anywhere in the UK.



Pulbrook & Gould, Liscartan House, 127, Sloane Street, London SW1X 9AS. Tel: 071-730-0030.

With Pulbrook & Gould we asked that they devise something for a much-loved mother, the sort of person who has spent most of her grown-up years looking after other people. Generous and unselfish, she has far too much to do to worry about what is in fashion and what is out. When there is any money left over she tends to spend it on her husband or one of her many children. What she needs, above all, is a treat.

Just because she isn't both-

ered about what is in and what is out is no reason to give her second-best. Pulbrook & Gould pulled out all the stops - white ranunculus, frezias, gladiolus, roses, anemones and lots of thick, glossy green foliage with some dark exotic berries made for an offering that was at once ravishingly pretty and madly chic. A simply tied bouquet means that the bunch needs no arranging - once the string is undone the flowers are ready to put into a vase.

Pulbrook & Gould report that there is currently a big vogue for simplicity - where a few years ago they would have been sending proper bouquets

these days they find their customers like simple, tied bunches. These can range from tiny little bunches of lilies of the valley or miniature roses up to large bunches of roses.

They have always used a lot of foliage and they try, above all, to use flowers that are in season. Though they have strong likes and dislikes they would try, they say, to give a customer what he wanted - the more information you can give the florist when you ring, the more you are likely to be pleased with the result.

Prices start at £45 for a tied posy or a bunch like the one photographed above.

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The Weekend FT will publish its annual

CLOCKS, WATCHES, & JEWELLERY REPORT

For a copy of the synopsis and/or to advertise in this feature, please call Genevieve Marengi on

071-873 3185

Caroline Dickenson, 5 William Street, London SW1. Tel: 071-245-9599.

From Caroline Dickenson we asked for something to please a lady-who-lunches - you have read about them, perhaps you even know one. She is addicted to Chanel (what is she going to do now that Grange is coming in?), her favourite haunts are San Lorenzo and the Caprice. She lives in Kensington, where her chief preoccupations are her nanny, her aerobics class and her Pekinese.

Caroline Dickenson sent the vibrant hand-tied posy pictured left. A combination of red anemones and orange calypso roses it, like the other hand-tied bunches, arrives ready to dunk into a vase. Wonderfully tasteful though all white and green arrangements are, it has to be said that her brilliant colours made a refreshing change from the purity and simplicity of the all-white school of floristry. At just £15 (including delivery) it was good value for money. Caroline Dickenson finds her own tastes have moved on to a much more dramatic colour palette - she now often uses flowers in the sort of colours that Christian Lacroix uses in his clothes - clashing and opulent. This is the direction the new, young florists are heading.

FASHION

Dressing for the Professions/Advertising

Fancy dress goes with the job



Charity Charity, an associate director and copy-writer at J. Walter Thompson, would never go out and buy a total look from anybody. Here she is dressed, typically, in her own highly idiosyncratic way. "The hat is from The Hat Shop - I get my hats from all over the place but buy quite a lot from The Hat Shop. The shirt is borrowed from my step-daughter, the braces are my grandfather's. I can't remember where I bought the boots but they're tied up with ribbons that came from my mum. I can't quite remember where I bought the brocade waistcoat, but I believe it probably came from Norman Hartnell. The suit came, I think - I hate labels so I always tear them out - from Selfridges."

TOGETHER WITH a finely-tuned nose for the most discreet table in a restaurant, a smooth way round the wine list and a liking for bruschetta, what the successful advertising man needs is a chameleon-like ability to adapt to changing moods and style. For nowhere does how you dress matter more than in the world of advertising, where image is everything and the medium is the message.

Walk into almost any agency and you are made instantly aware that a vital part of the potent cocktail on offer is style - and an essential part of that style is the dress of the people who work there.

Not that anything so crude as an edict is issued - "most people in the industry," says Jim Allman, director in charge of Unilever at J. Walter Thompson, "sense by osmosis what will and will not do" - for one of the paradoxes of Adland is that in a world where dress really matters immense freedom is allowed.

Paul Woolmington, managing director of 20/20 Media and a director and shareholder in Delaney, Fletcher, Slaymaker, Delaney and Bozell (you have to get used to these names in Adland) echoes the sentiment.

"One of the great beauties of this business is that we can express ourselves more freely than, say, the banking community. We can buy things for work that we are happy to wear in our private lives. We are ultimately businessmen in that we have to sell our services successfully to survive and yet what we are selling is our creativity. There is a dichotomy, a tension, if you like, that is always there. We have to look as if million-pound budgets are safe in our hands and at the same time as if we are brilliant enough to come up with an award-winning campaign."

"A certain chameleon-like quality is a great asset. My company looks after financial houses such as Merrill Lynch, the Ministry of Defence as well as food companies, Chrysler cars and Nikon cameras. It makes sense not to mix oil

with water. If I were going to see Merrill Lynch I would dress rather differently from if I were going to see my clients at Sago, where everybody is young and casually dressed."

The great divide in Adland is between those who are known as the "suits" (all those in account management) and the "creatives" (the copy-writers and art directors) although every account director has also to look a little creative, and every creative director has to look responsible and business-like. The days when you could tell the creatives by their jeans and T-shirts, their pony-tails and Doc Martens have gone.

At J. Walter Thompson, for instance, Jim Allman says: "Creative people dress more conservatively than you would think and in senior positions often dress much more like business people."

Jim Allman himself is a "suit", one of the new breed of international agency men, in charge of global account (Unilever) worth millions. An American married to an Italian and now working in London, his dress reflects his peripatetic way of life.

"I am probably not typical of a London agency man," he says. "I have lived half of my adult life in Italy and you cannot live there without it affecting your aesthetic sense profoundly. My suits come from a tailor in Rome called Ulderico Basti to whom I was introduced by my father-in-law - this is much more for convenience and because I like him than for any snob value. He made the clothes I got married in and his made-to-measure suits cost less than most off-the-peg ones. My shirts are made by Il Portone in Rome - another of my father-in-law's introductions."

"Basically I hate to shop and once I find somewhere that suits me I tend to stick with it. Because I have to travel a lot for my job I can shop all over the world. All my neckties, come from Ralph Lauren - I like the look, the way they knot. All my sportswear also comes from Ralph Lauren."

"I buy traditional English shoes but I also have a favour-



Jim Allman, of JWT, director in charge of Unilever, wearing a suit by the Rome tailor - Ulderico Basti - his Italian father-in-law introduced him to many years ago. His shirts are made for him in Rome by Il Portone and here is teamed with a tie from Ralph Lauren. His shoes are a favourite Italian brand, Diego Della Valle

ite Italian brand - Diego Della Valle. I like Paul Smith, particularly his casual things. Winter coats are my great passion - I buy them from Bardelli in Milan and I have them in grey, navy and camel as well as a green loden one from Austria. My father never let me leave home without a white linen handkerchief in my pocket and to this day I always have one, though now they usually come from Jesurum just off the Piazza San Marco in Venice."

Paul Woolmington is also a "suit". "Typically, I would wear a suit but I wouldn't wear a totally conventional Savile Row one. For instance I might

wear a slightly alternative pin-stripe by Armani which is looser and slightly less formal than the conventional Savile Row version, but it would still pass muster and is also very comfortable for all the charging around I have to do all day."

"The creatives here are very smart. They would shop in the same shops that I do but as their angle is being creative they will probably make it just a little more interesting. They might wear a tweedy-looking suit by Margaret Howell and team it with a tweedy waistcoat. The grunge look is most likely to come via the creatives."

Billy Mawhinney - an Irish George Best lookalike - as joint executive creative director of J. Walter Thompson is very much a "creative" but his personal style is what he calls "smart but casual". Today, for instance, he is in Hugo Boss ("though personally I prefer Jasper Conran to anybody") and whenever he has clients coming to see him he would always wear a suit.

"Creatives, though, tend to wear them slightly differently - they may button up the shirt and wear it without a tie and put on a brighter pair of socks. I might wear a casual polo shirt under a smart suit. A few years ago a creative would signal his separateness from the suits by wearing a sober shirt and a bright tie. There is a feeling that you have to give your dress some kind of presence - even if you just add a huge badge. There ought to be something irreverent."

When it comes to the women "creatives" there tends to be a bit of role-playing, a bit of fancy-dress - one day it could be rock-star style, all leather and boots, another day Regency dandy. "There has to be a bit of theatre in what they do. For instance, a girl would not wear a power suit unless she made a joke of it, sent it up a bit. The poorer they are the more they play games with accessories."

Charity Charity, an associate director and copy-writer at J. Walter Thompson and thus definitely a "creative", says: "Put it this way, there is never any call for sobriety in our dress. It's almost not playing the game to wear anything too city or too sober. You don't want to look like somebody with no passion or who has borrowed other people's ideas."

"As creatives we are supposed to be original thinkers so our uniform is one of dissent. Clients seem rather to like it - they can readily identify us at meetings, they know who we are meant to be. Personally, I would never wear something like jeans - too conformist. Today, for instance, I'm wearing a pair of antique Victorian lace-up boots, an Australian Bushman's hat, an extremely short tight blue skirt, a match-

ing riding-style jacket and a Voghi scarf which is the longest thing I've got on."

"I often try to wear something seasonal. Christmas I will wear the family tartan, on cold days I sometimes wear ten petticoats, around Chinese New Year it might be a cheong-sam and jade necklaces. I would never wear a power suit, unless I diffused it in some way."

"Female suits go to places like Harvey Nichols where they probably use the wardrobe advice service and turn up to look at a whole range of options lined up for them, or they would shop at Nicole Farhi or buy Italian labels. The colours would be brighter than you would find in the City of London, they would not think twice about wearing floaty numbers - and they NEVER carry huge hold-all handbags."

"They have to look neat and above all they must not look as if they are shambolic thinkers. The clothes have to say they are dependable and reliable but that they also have flair."

In a world full of legendary snappy dressers - Charles Saatchi, renowned for his Comme des Garçons suits, John Hegarty, the archetypal 80s Paul Smith man, Robin Wright with his bright bow-ties and his silk waistcoats, Frank Lowe and his Armani suits - the new name that is most mentioned when chat turns to clothes is Graham Fink of Gold Greenless Trott. Given to Gaultier suits worn without a shirt and to attending black-tie dinners in an unconventional eclectic mix of his own, he is generally conceded to have the looks and the personal style to get away with his idiosyncratic way of dressing."

Mostly, advertising people's sartorial escapades are looked on with affectionate amusement. Graham Fink may still be remembered for his eclectic dinner suit but Charity Charity had the chutzpah to wear a \$399 eau-de-nil satin slip from Marks and Spencer and "some rather nice jewellery from Granny" to an industry dinner - and nobody batted an eye-lid.

Lucia van der Post

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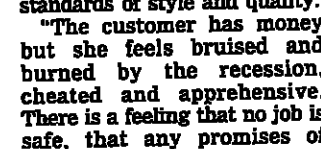
*Consumers are more canny about their shopping, and British chain stores are at last responding to that, says **Brenda Polan***

"Information is the most important tool we have," says Brian Godbold of M & S. "The fact that the population is aging - by the turn of the ce-

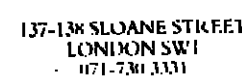


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FOOD AND DRINK

WHAT YOU are going to see will strike you as primitive. "Is there not another way?" you will wonder. "Yes there is, and it will eventually be implemented." This was how the export director of the world's biggest cork company prepared me for the second half of a tour that had not, even up to that point, been distinguished by sophistication.

Amorim & Irmão's cork processing plant just south of Oporto in Portugal is a hangar the size of 16 football pitches. Hanging in the rafters is the sweet smell of boiling cork bark for, before anything else happens to it, each man-sized strip of bark is boiled for 90 minutes in ancient, blackened cauldrons to soften it and, it is hoped, eliminate the harsh elements and any taints.

On the rough earth floor are steaming piles of cork bark, covered with patches that can look alarmingly like mould. After drying, these coarse strips of bark are then picked over by keen-eyed factory workers, graded, and neatened

Time to put a stopper to cork

It is humble, archaic and prone to failure. Is there anything better? asks Jancis Robinson

up, just as they were a century ago, in preparation for the next stage in the process: the manual, popgun punching of corks from strips of bark which Antonio Affonso de Barros is so anxious to modernise. All it will take is a bank of laser scanners and an awful lot of Escados.

The wine cork business is in turmoil, and it has nothing to do with how corks are punched. The wine world is kicking up a stink about the unreliability of its traditional stopper.

Modernists object to grappling with a corkscrew and a bit of bark. Everyone, including those who mutter about cork trees being stripped too young, feels that the incidence of "corked" bottles - containing wine rendered undrinkably

smelly, presumably by a tainted cork - is too high. Some reports put the incidence at one in 12, which is surely an exaggeration.

No more than one in every 50 to 100 bottles I open shows any corked character, although I have noticed an increase in the incidence of "cork police" - as in "this wine's a bit corked, isn't it?" And once the suggestion is made, it is difficult to resist... especially if resistance implies that your nose is less sensitive than the cork policeman's.

Research has isolated the chief suspect, a substance called TCA for short, which results from an unhealthy blend of chlorine, moisture, mould and phenols and turns a wine's aroma into an odour. However, it has also been found in uncorked liquids, presumably as a

result of chlorinated water and less-than-clean storage containers, thus providing the cork manufacturers with a little defensive ammunition.

"We are fully aware that the cork is a very unwelcome element in the wine package," Affonso de Barros told me wearily, "but look at the alternatives. Is there really anything that can be made by machine, offers a reliable seal, is inert to wine and is also easily extractable?"

Top contender on all these counts is the humble crown cap - the one that has to be levered off beer bottles - so humble I am not even sure how it is known in the closures trade.

It is considerably cheaper than cork but fails principally on aes-

thetic grounds, probably because, I would suggest, the yanked elbow is an action so much less elegant than the sommelier's current graceful arc.

The screwcap has the advantage of being resealable, but cannot offer a perfect seal in the first place if temperatures rise. And the plastic cork substitute surely combines the worst of all worlds, except that it should be much easier to keep free of TCA.

The cork industry has been slowly wielding a new broom to push TCA out of antiquated warehouses. Most producers offer hydroperoxide treatments in place of the old chlorine bleaching which, as monitored by David Ramsey of Chalk Hill, one of California's most scientifically rigorous winemakers,

has virtually eliminated the problem of "corkiness" now that cork producers have reduced the amount of hydrogen peroxide used.

However, cork producers continue to offer both chlorine-treated and hydrogen peroxide-treated corks, and according to Affonso de Barros, many of the cork brokers on whom the wine trade depends have been slow to accept the new, chlorine-free model.

Amorim is also perfecting a special non-chemical heat treatment, although so far this is available only for champagne - sorry, sparkling wine - corks.

I have long argued that the gap between the cork trade and the wine trade was unnecessarily wide - too wide to permit vital

communication between the two. Affonso de Barros did actually spend eight "fascinating" years of his working life working for the other side, as a director of purchasing for the huge Sagram organization in Oporto and thus as a big buyer, rather than seller, of corks.

He claims - but then he would, wouldn't he - that much of the problem lies in wine producers' treatment of corks. They tend to be shipped around the world in large plastic bags which should be stored within fairly narrow ranges of temperature and humidity.

He has seen them stored under a hot tin roof in Australia. For example, and would like to see cork coexisting in the syllabus of all winemaking courses. "Many of these problems could be avoided if the wine industry was willing to co-operate in depth with the cork industry by exchanging views and taking advice."

During current hostilities, this seems all too unlikely. But is the wine trade really prepared for life without a pop?

An undercover bottle bank

THERE IS a bank open today more than 100 feet beneath the English countryside. It deals in commodities that all over the world and holds, on deposit, products traded by leading brokers. Its currency is not cash or cheques, but bottles.

Protected by steel doors and concrete-lined walls, the owners maintain strict security over their liquid assets - wine. There is more than £144m worth of fine reds, roses and whites in what is thought to be Britain's largest bottle bank, the Corsham stone mine in Wiltshire, southern England.

Left dormant by its former owners, including the Ministry of Defence which used it as an ammunition dump, the mine has been given a new lease of life by a company enjoying a dominant position in the wine storage business.

Octavian, a bonded warehousing company, has shaken up the musty ranks of Britain's wine industry through a series of aggressive takeovers, culminating with its 1991 acquisition of Frazers, a competitor whose main asset was the 33-acre mine at Corsham.

The company has since spent millions refurbishing the mine with computer-controlled dehumidifiers, a truck terminal and underground offices. That investment is beginning to show a handsome return: Octavian now holds 600,000 cases of wine at Corsham and further 500,000 cases at its site in Charlton, south east London.

Formed only a couple of years ago, Octavian's rapid success has raised questions among traditional vintners about how such a young company could command a large slice of the storage market. The answer lies with the backers who have invested heavily to create ideal conditions for storing wine. They saw a niche market for bulk storage and decided Corsham was the perfect site. The mine had already been converted into a warehouse by the MoD, which dug tunnels large enough for an Underground train and installed its own underground railway, which now carries wine.

Corsham's backers are led by Nigel Jagger, a millionaire

financier, who says: "The wine stored here represents an important part of the world's stock of fine wine. It is like a large safety deposit box and we operate like a bank."

Jagger, who lives in Jersey, made part of his fortune as an executive director of Atlantic Computers, the subsidiary of the British and Commonwealth Group, which collapsed in 1990. His competitors in the wine trade say they are wary of an

Tim Burt on a new company making waves in wine storage

enterprise controlled by an offshore company. Documents filed at Companies House show that most of Octavian's shares are registered with the Reredos Corporation, an offshore holding company with offices in Panama and Zurich.

With the backing of Jagger, Octavian has pursued new customers aggressively and now has large commercial wine stocks. Some of the brightest New World wines are lying in the darkness at Corsham, including 70,000 cases imported by Edward Cavendish, the largest dealer in South African vintages.

Octavian inherited most of its stock from its sister company Cert, the public warehousing group also registered with the Reredos Corporation and backed by Jagger. Cert's influence over Octavian has been closely attuned with stevedores than wine connoisseurs, but that has not deterred large collectors from sending stock to Corsham.

The Wiltshire mine has wooed customers from other companies but its rivals claim it is winning new business only by undercutting the market price for storage. Trapps Cellars, the London company where Christie's and Sotheby's keep their stocks, has been one of the main victims. It has lost 20 leading clients to Octavian.

Many London companies are thought to be under pressure from British Rail to vacate railway arches which it wants to

redevelop. Wine merchants Milton Sanford, for example, is moving its stock into a disused chalk mine near Twyford, Berkshire, which it is converting into a wine store.

Richard Sanford, the owner, says: "London is becoming an expensive place to store wine. I know one merchant who is being charged £22,000 a year by BR for 30,000ft of space."

Octavian has been the main beneficiary of the migration out of London by some merchants. And the company says it is expanding into an area previously dominated by Trapps - stocks held by private investors.

Such a move could change the complexion of the wine storage business, according to John Davis, co-founder of Trapps, who claims: "There has been a contraction among smaller and middle-size storage companies. We will be left with a few big players and Octavian will be biggest."

But Jagger rejects such fears. Climbing up the main shaft from the Corsham mine, he says: "We have a perfect wine store. The temperature is ideal, there is no vibration and no natural light. Anyone who cannot provide this sort of service will not survive. The best news for me is that our competitors are giving up."

Tuscany's good oil

WE HAVE travelled a long way since the mid-1970s when I bought my first olive oil. In those days, it came in a rather baroque-looking bottle from Boots the chemist and doubtless was intended more as a laxative than a gastronomic accessory. Now, every delicatessen and supermarket stocks half a dozen olive oils from different countries.

Tuscan oils are the ones we talk about most although they differ from those originating in the more torrid parts of Italy and their peppery nature is not always to everyone's taste. But that fiery finish is typical of the region.

To some extent, olive oils are like the wines which are so



Chief hand Gavin Powell inspects cases of wine in the Octavian bunker

often their stablemates. They are the products both of climate and different varieties of fruit. In the hotter parts of Italy, Spain and Greece, the oils often are rich and buttery. The Tuscan character derives from the comparative coolness of the climate and the need to pick the olives when slightly under-ripe to avoid the winter rains and frosts.

The main Tuscan olive is the Frantoio, which gives the oils those aromas of bananas, apples and avocados. The Moraiolo variety is responsible for the pepper and the Leccino provides the "fatness."

Just as Tuscany's wine is governed by strict regulations laid down by various consorts, so also is the olive oil. Some growers, however, have gone one step further and formed their own, highly-select, consortium which makes a sort of super oil called Landemio.

This was born of the 1985 crisis when 90 per cent of Tuscany's olive trees were blighted by frost as temperatures plummeted. But the olive is a hardy plant, and many of those which seemed dead grew back from the roots. It was a slow process, though, and the trees have only come back into production in the past couple of years. During the late 1980s, much of what purported to be Tuscan oil was anything but.

The Landemio consortium was formed in 1990 with 31 estates and production was limited to approved sites in central Tuscany. All the olives must be cold-pressed before December 15 to ensure "typicity" and great care is taken to avoid bruising. This is intended to prevent high acidity, which could lead to fermentation.

The acid level in Landemio

is fixed at half that of normal Tuscan extra virgin, and they must be submitted to a tasting panel which meets on the ground floor of a villa in the suburbs of Florence.

The tasters sit solemnly over a row of oils, looking for such qualities as their balance of fruitiness and pepper, plus any defects such as rancidity. The morning I visited, every one seemed to have passed with flying colours; but, in all fairness, it must be noted that olive oil is not as easy to get wrong as wine, and the success rate in the examination is correspondingly high.

Six of these Landemio oils are now imported into Britain in their smart, 500 cl bottles, a special feature of which is a screw-on spout which prevents your guests from being over-lavish as they pour the contents into their soup. And all six are excellent.

My only complaint would be about Landemio's insistence on filtering the oils. Many Tuscan estate-owners to whom I spoke said they preferred unfiltered oil and used it exclusively at home. But this decision was taken to avoid offending Americans who, apparently, want their olive oil bright, and because the cold-press tend to blacken if the oil is not kept in a cool place.

It might well be that, in the US, they are put off by such things; but, in Britain, the wonderful Nubes de Frado oil from Baena in Spain is sold unfiltered to its numerous devotees. Twenty years on, I think we are quite grown-up enough to take cloudy olive oil.

Stockists: Prescobaldi The Oil Merchant (081-740 1335 for retailers or mail-order sales); Fattoria Serrino, Fattoria Camisa di Sola (071-577 1123); Antinori Belloni (071-567 1121 for retailers). Baggolino is available from branches of Corney and Barrow and The Vintner wine merchants. Poggio Capponi is imported by Damarr Ltd (081-944 1494). Torre di Giallona is imported by Guidetti Fine Foods (081-460 3797). Prices range from £10 to £14.50 a bottle.

Giles MacDonogh

Cookery

Putting the heat on Easter bunnies

HARES once were associated with pagan rites of spring. Perhaps that is why they are believed by some to be magical, slightly frightening creatures.

Rabbits, altogether tamer, have developed links with Easter although, frankly, I see more commercial reasoning than Christian message in giving and receiving chocolate bunnies and greetings cards depicting winsome cotton tails bouncing through the daffodils.

I prefer my rabbits in the cooking pot - and the more readers I can persuade to follow suit, the better pleased I shall be. Anything to cut down on the numbers of these destructive wild pests attacking my garden and others hereabouts.

But the recipes which follow - one hot and one cold to suit the vagaries of UK weather - work every bit as well using farmed rabbit although cooking times will vary depending on the life style (rampered or scavenging) and the age of the bunny you use.

Although the finished dishes are different enough to be suitable for serving on consecutive days (the first is a hot main course, the second a first course for serving cold), both involve poaching. So, it makes sense to cook all the meat simultaneously in the same pot. This saves time and fuel and brings the bonus of particularly flavourous stock - a key ingredient in the second recipe.

RABBIT TWO WAYS
The common preliminaries for BOTH recipes are as follows:
Joint two small rabbits neatly. If they are past the first flush of youth, marinate them overnight in the juice of a lemon with a good grinding of black pepper.

Next day, bring 2 pt light rabbit or chicken stock to the boil in a large, heavy-based pan together with a bouquet of bay, thyme, and around half a dozen lightly-crushed parsley stalks. Add the rabbit joints and bring back to simmering point.

Then, poach very gently - barely a bubble should wink at the rim - for 30 to 60 minutes depending on the age and status of the meat. When it is tender, switch off the heat and set the covered pan aside.

RABBIT WITH CUMIN, APPLE & CELERIAC
(serves 4)

Ingredients: the hindquarters of both rabbits, cooked as described above; 1 very large celeriac root; 9-10 oz Cox, Royal Gala or other aromatic eating apple; a generous teaspoon cumin seed; 1 teaspoon wholegrain mustard; 1½ oz butter.

Method: Prepare and poach the rabbit joints as described and let them rest in the covered pan for 15-20 minutes between cooking and serving.

The accompaniments can be prepared ahead (they keep well for up to an hour) or they can be cooked while the rabbit rests. Scrub, peel and dice a generous 1½ lb celeriac (this is the prepared weight required; trimmings can be saved for soup). Steam the celeriac for 10 minutes or so until tender, and blot dry.

Peel and dice the apples and sauté them for 5 minutes or so



in a little of the butter. Mash the two ingredients together roughly; aim for a texture closer to good knobbly tweed than potato purée. Add the rest of the butter. Season with sea salt, mustard, pepper and most of the freshly-toasted and lightly-crushed cumin seed.

Drain the hot, poached rabbit for serving, lay it on the bed of vegetables and sprinkle it with the rest of the cumin and a little chopped parsley.

RABBIT BRAUN
(serves 6)
Ingredients: the forequarters of both rabbits and some of

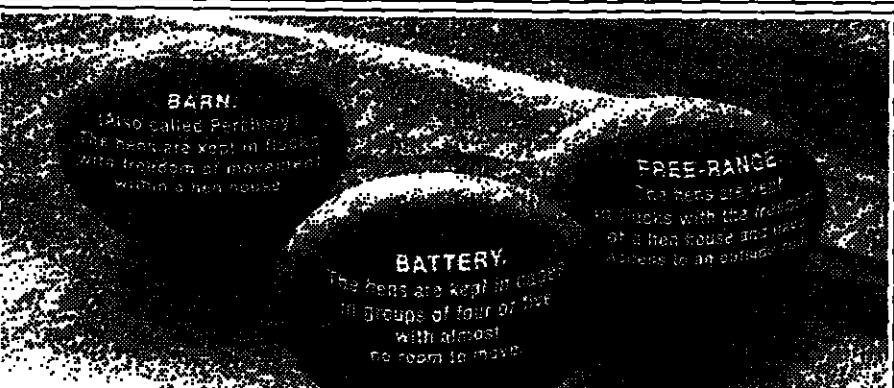
the saddle, prepared and cooked as described above; all the cooking liquor; 6-8 oz cooked gammon or ham carved from the bone in ¼ inch-thick slices; 1 slightly rounded tablespoon gelatine powder; 3 tablespoons freshly-chopped coriander leaves; the finely-grated zest of a lemon; a few green peppercorns.

Method: Leave the poached rabbit in the cooking pot until cold, then strip the meat from the bones (there should be 6-8 oz of flesh). Wrap the flesh to keep it moist and chill it. Return the bones to the pot (together with any bones saved from the other recipe) and simmer very gently, without a lid, until the stock is flavoured intensely and reduced to 1½ pt. Strain the liquid, dissolve the gelatine in it and cool, then chill it until syrupy and approaching setting point. Spoon a little into 6-8 small ramekins, just enough to cover the bottom of each dish. Add a pinch of chopped coriander and refrigerate until set.

Meanwhile, cut the rabbit meat into small quills and dice the gammon or ham. Mix the meats in a large bowl with the remaining coriander, the lemon zest, the bruised green peppercorns and the rest of the cool syrupy stock.

Divide the mixture between the ramekins. Cover and chill for eight hours or until set. Unmould for serving, with a little greenery to garnish and thinly-sliced brown bread and butter on the side.

Philippa Davenport



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Courage on the high seas

Sailing/Keith Wheatley

CAROL Randall remembers the time and the place precisely. It was 7.55 on the evening of March 5 when the Southern Ocean shattered her right knee. The yacht *Heath Insured* was half way between Hobart and Cape Town (the nearest land being Antarctica) and Carol was helming the 38-tonne boat through the worst storm the British Steel round the world race had yet encountered.

A wave as tall as a three-storey house slewed the yacht around. The wheel span uncontrollably, taking Carol's 9st weight down on to the leg she was bracing herself against. The twisting motion tore two ligaments apart.

"It was absolute, instant agony. I felt like my knee had exploded. The good point was that I hadn't heard anything crack," recalled Carol, 33, as she hobbled across the Cape Town waterfront on crutches. It was the kind of sports injury found on pitches across the world every weekend. Serious but routine.

However, there was no stretcher and hospital bed for Carol. Fellow crew members carried her below for an initial examination. Since the temperature on deck was only just above freezing, with about

another minus ten degrees of wind chill, the patient was wearing three layers of foul-weather gear plus thermal long johns.

Carol's knee was strapped and she was given strong pain-killers before being lifted into her bunk. Every time *Heath Insured* slid down the face of a gigantic wave, gravity tried to "torpedo" the patient down the bunk and crunch the injured leg, the only answer was to tie Carol into the bunk. Meanwhile, the weather was deteriorating. The wind had reached Storm Force 11, equal to the 80mph speeds that changed the British landscape in the 1987 hurricane.

"Lying in that bunk was the most frightened I've ever been," said Carol. Her job before leaving Britain on the Challenge was editing the *Harborough Mail*, a weekly newspaper in Leicestershire. Until four years ago she had never been on any sort of yacht.

"Down below all you hear is the shrieking wind and the blocks crashing down on the decks. I felt a real failure, desperately isolated and very sad." Conditions were about as miserable as they could be for someone unable to move without help.

When Carol needed to visit the heads (shipspeak for toilet) a colleague had to carry her piggyback down the central companionway over mounds of wet sails, as the yacht pitched around like the scariest ride at a Florida theme park.

Stuart Smith-Warren, who works at a south Wales steel plant in "real" life, sails in the Bristol Channel for a hobby and is mate aboard *Heath Insured*. "The conditions in that storm were unbelievable," says Smith-Warren. "The only time you could see anything was on the crest of a wave and then it was just mountain peaks, capped

with white, in every direction.

"When we went down into a trough and climbed the next wave face we sometimes had green water as high as the first spreaders, 25ft up the mast." A man who has poured molten steel for a living over the past 30 years is not disposed to exaggeration.

It sounds like a test of survival but the British Steel challenge is first and foremost a race. On the day of Carol's accident *Heath Insured* had 2,274 miles remaining to Cape Town (the end of the third leg) and seven competing yachts within 65 miles of her.

"Once you can't help push the boat, gain those extra miles, you begin to feel excluded and useless," added Carol, who says she signed up for the Challenge to confront her own fears and learn how to cope with them.

"I always went into this thing for

the sheer hell of the adventure. It could have been Everest or diving. Sailing wasn't an essential part of it for me. I suppose it's a bit like National Service used to be," she said.

Chay Blyth, the racing yachtsman who devised and runs the British Steel challenge, is of course an ex-paratrooper. However, the extraordinary thing is that he has been overwhelmed with "squad" eager to pay £15,000 for a season of physical hardship and adrenaline.

"In the middle of all that Southern Ocean stuff, I knew why I had paid my £15,000 to Chay to come on this race, said Arthur Haynes, a *Heath* crew-member formerly in the computer business. "It was so rough, it was so cold, we were so far from every other human being. It was a turning point for me."

Cape Town will prove a turning



Injured knee: Carol Randall

point for many of the 130 crew volunteers. An impossible dream that began three years ago will end in about eight weeks as they sail up Southampton Water with the booters and fire hydrants blasting. Many have families and jobs to go back to - however reluctantly. Others are more tied to the yachts and their fellow crews than anything else.

"I think the ones who will cope best are the older men with senior jobs or their own businesses,"

thought Pete Goss, skipper of *Hofbrau Lager* and a former marine who had the job of training crew volunteers before they joined their specific yachts. "This will be an achievement, they'll file it away and go on to the next deal."

"It won't be easy for people who have to go back to a fairly mundane job and the Tube to work every day, to back it."

Aboard another yacht *Nuclear Electric*, it is hard to find a single individual, contentedly planning a resumption of normal life. One is planning to live in Nepal, another to go yacht delivering.

Mike Golding, skipper of *Group 1* and a Berkshire fire officer by profession, is possessed by the desire to win this extraordinary race - he gives the crew Pocket Thoughts, such as "Sleep for Victory". Yet he will go back to his fire station. "Ultimately you have to earn your daily bread," he says platonically.

Chay Blyth is matter-of-fact about the gentle he has let out of the bottle. "Most of them will go back to the office," he said. "They're professional about what they do. They're not adventurers and drifters. So they'll go back - with a kitbag full of memories."

Golf/John Hopkins

Seven strokes of a master

IT IS A truism that a golf tournament never begins until the last nine holes on Sunday afternoon, when the nerves begin to jangle and the palms to sweat and the stern but obvious taskmaster called pressure begins to exert its influence. It is even more true at Augusta National golf club, the site of the US Masters, where the difficulties of each hole are magnified by the weight of the history that has taken place there.

The tenth at Augusta was that not where Ben Crenshaw sank a 60ft putt in 1984? And the 11th, 12th and 13th holes, are they known as Amen Corner because they have ended so many contender's chances? Did Ed Sneed not once stand on the 16th tee, his 69th hole, with a three-stroke lead and think to himself: "It is impossible not to win," which he then did not.

The inward nine holes at Augusta bear names such as Camellia (tenth) White Dogwood (11th), Firethorn (15th). They are anything but serene and pastoral. To play them is an exercise in damage limitation and the man who wins the green jacket tomorrow will have had his nerve examined on every one of the 35 or so strokes it will take him to cover its two miles.

Here are seven key shots on these holes that must be mastered before a man can become a Master.

The second shot at the par four tenth. At 485 yards it is the longest par four on the course. The hole falls by 100ft from tee to green. The tee shot should bound down the hill and roll to the left from where a mid iron is sufficient. If it does not, then the second shot is played from high on the right side of the fairway from a downhill lie to a green that slopes away. It is far more difficult. Tradition says the second shot must find the green. Nick Faldo missed the green in the play-offs in 1989 and 1990, both times ending in the bunker to the right of the green and still won.

The second shot at the 455-yard 11th. Ben Hogan once said: "any time you see me on this green in two you will know I missed my second shot." He felt it was safer to hit to the right of the green, which is protected by water, and then chip and one-putt. Larry Mize would agree. He chipped in from 50 yards in the play-off against Greg Norman in 1987 and became champion. Faldo says the only way is to attack the green. "You have to forget about the water, trust your swing and hit your shot." This is what Ray Floyd did not do in 1990 against Faldo. He mis-hit an eight iron and the ball plunged into the water.

The tee shot at the 155-yard 12th. Tom Weiskopf took five attempts to reach the shallow, tilted green and recorded a 13 on the hole Jack Nick-

laus calls "the hardest in championship golf." On the other hand, Fred Couples had a stroke of luck here last year. His tee shot rolled back down the bank and stopped on a collar of rough 1ft from the water. He got his par and two hours later won his green jacket.

The tee shot at the 465-yard 13th. One of the most strategic holes in golf, (and one of the shortest par fives in championship golf) requires a drive to be shaped from right to left to get it around the corner of the doglegged hole. Overdo the shaping and the ball will run into a creek or clatter among trees.

Second shot at the same hole. This shot must clear Rae's Creek which crosses the fairway and skirts the right side of the green. Curtis Strange got it spectacularly wrong in 1985. He hit a four wood that landed in Rae's Creek when he was leading by three strokes.

Second shot to the 15th (Fire Thorn). Likely to be anything from 175 to 230 yards in length, it must carry a pond. Gene Sarazen hit his second shot in to the hole using a four-wood in 1935. Last year Couples needed only a seven-iron for his second shot in the fourth round.

The tee shot to the 170-yard 16th. Almost all over water to a wickedly sloping green. It is essential to hit the putting surface, preferably hit it as close as Nicklaus did in 1986 when he nearly holed in one. In 1988 Ballesteros could have won. His tee shot here flew at the flag but fell 1ft short of the green and rolled back into the water.

Succeed with all these strokes and you have a chance of winning the US Masters. But it is not over yet. One crucial stroke remains.

The tee shot at the 18th. "You look down this narrow chute, trees on both sides and not a sound in the air and I can tell you it's a terrifying sight" said Sandy Lyle. You must hit the fairway which runs uphill and curves to the right otherwise there is little chance of reaching the green, even though at just over 400 yards (all uphill) the hole is quite short. Lyle hit his tee shot into the first of two bunkers on the left of the fairway and then played a miraculous seven iron to 10ft past the hole and sank the putt for a birdie to win in 1988. But every one else loses one stroke - at least. Jose Maria Olazabal did so from the Lyle bunker in 1991 and Tom Watson, who had driven in to the trees on the right, lost two. That year Jan Wosnam kept his ball in play from the tee and won the title.

Play these strokes successfully and you might win the US Masters. If you fail to do so and you have no chance. You do not have to believe me. Just watch it all unfold on television tomorrow evening.



Which way is Australia? Neville Marriner and John Griffiths plot their course through a changing world

Motor racing/John Griffiths

The cars are the same, the countries have changed

unthinkable just five years ago means the entire rally is to be air-lifted past the trouble spots by two giant Russian Antonov freighters which dwarf even US Air Force's mighty Galaxies. Two Antonovs have been converted by their privatising owning company to twin cargo decks. Each aircraft is can swallow 60 rally vehicles. The Antonov will lift the rally from Turkey to Delhi.

After a five-day blast around the Indian subcontinent, taking in the Himalays, competitors will be air-lifted en masse from Bombay to the final, 10-day race across Australia. It is in the bleak vastnesses of the Nullarbor Plain and other remote areas of the Outback where the rally's winners and losers will be finally decided.

The structure of the 1993 rally is inevitably regarded with mixed feel-

ings by the 25 competing crews who also took part in the original event. Foremost among them are Andrew Cowan and Colin Malkin, who as outright winners in 1988 will be first away from the Chelsea Harbour start line in the very same Hillman Hunter they took to victory.

Is it, then, just a nostalgic event - a "fun run" for those wishing to test again the high-speed prowess of their youth? Brittan, as organiser, says it is not. He has designed the rally to be hard and competitive, with the sole concession that it will halt each night rather than bash on for days on end as in 1988. By the time survivors reach Sydney on May 16, after 30 days and 11,500 miles of driving, they will have raced through 46 "special stages", each timed to the second and ranging in length from 10 to 168 km.

The age, gender and motivations of the crews vary widely. Many of the 46 Australian crews are hard-charging youngsters. Cowan and Roger Clark, another veteran in his 50s and perhaps Britain's best known rally driver, will almost certainly remain faster than all of them. At the other extreme is 66-year-old Pamela Morgan from Southampton. Entered in a Morgan two-seater sports car. She describes herself as "a tough old bird. I had too many kids around in 1968. Now I have the freedom I'm off on this great adventure".

That, allowing a decade or two, is roughly the spirit in which I am

tackling this event with Neville Marriner, *Daily Mail* photographer and part-time racing driver, in our Lotus Cortina. It is the spirit, too, in which we are being backed by the Unipart group and its 4,000 employ-

ees, with each sponsored mile clocked up adding to the coffers of the Save the Children Fund. And it is the spirit in which so many other sponsors are taking part.

"It's a welcome departure from the

sanitised high-tech world of modern world championship rallying," says Brian Carte, chief executive of main event sponsor Lombard North Central, the NatWest-owned finance house which backed the UK's RAC world championship rally for 19 years. Parts trucks and helicopters and many of the other standard apparatus of modern world championship rallying are banned.

Even the Automobile Association is coming along. Four patrolmen, in specially-equipped back-up vehicles, will provide the rescue service for casualties. They are the winners of a contest in which no fewer than 3,000 AA employees took part...

2.3-litre 623GSI at £21,995. It is no secret that, mechanically, they differ hardly at all from the new Honda Accord built at Swindon, Wiltshire. This has been exported for several months and goes on sale in Britain soon after the Rovers reach the showrooms on April 20.

Rover has made many cosmetic changes to the front and back ends. The interior is in the tradition of a 1960s Rover when the marque was the natural choice of country solicitors and bank managers. The name, one feels, is still among Rover's greatest assets.

My favourite was the 623 GSI automatic. At 90 mph (145 km/h), and 4,000 rpm, the Honda engine - also made in Britain - could barely be heard over the soft rush of wind. The transmission was ultra-smooth;

it even kicked down without a jerk into low at 35 mph (56 km/h). Build quality of all the 600s I tried was first class. The seats are body-hugging and neither too firm nor too yielding. Although the suspension allows quite a lot of vertical wheel movement to take the sting out of rough roads, the ride is well damped and the Rovers hardly roll on corners.

Rover is pitching the 600s against the BMW 3-Series. Clearly, the Honda Accord will be a rival if company fleet managers can be convinced a Honda really is British. So will the poshest two-litre Mondeo Ghias and the latest Vauxhall Cavalier (Opel Vectra on mainland Europe).

There are 21 variants of the Mitsubishi Galant, which is priced from £12,750 to £20,259

and looks unassuming like the Renault Safrane. The entry model is an 1800 saloon. The flagship is a five-door hatchback (Mitsubishi calls it a coupé) with a 2.5-litre, multi-valve V6, four-wheel drive, four-wheel steering and a finger-light, five-speed gearbox.

The 2.5-litre 4WD, 4WS performed brilliantly on near-deserted roads in the region around Arachon in France, showing unbreakable grip when accelerating and cornering. Again my favourite was a front-wheel driven V6, two-litre automatic with a degree of passive rear-wheel steer.

The transmission, available on all Galants except the 4WD, 4WS coupé, has electronic control with "fuzzy logic." Don't ask me how it works. What it does is sense a driver's mood and contrive to be in the right ratio all the time.

Last, but not least, the Peugeot 306. Coventry-built alongside the larger Peugeot 405. Although it uses the same mechanicals as the Citroën ZX, it feels different. For ride quality and general refinement, the

306 is even better than the ZX, probably because it is a little heavier and reflects another two years of development.

Peugeot sees as its closest rival the Vauxhall (Opel) Astra, although the 306 lacks the Astra's optional driver-side airbag. It is a little bigger overall, and considerably roomier than the 205 and replaces the 308, which was a stretched version of the 205.

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THE conversation goes something like this. Him: "What have you been driving recently?"

Me: "The new Rover 600, several Mitsubishi Galants and some Peugeot 306s."

Him: "What were they like?" Me: "Very good cars indeed. Quiet, quick, refined and enjoyable to drive."

Him: "But that's what you said about the Ford Mondeo, Vauxhall Corsa and Citroën Xantia you drove a few weeks earlier."

Me: "That's right. They were all very good cars, too."

The time has come to face the truth. The really bad new car no longer exists. On second thoughts, let me qualify that. The really bad new car no longer exists. For all I know, some really dreadful machines may still be made in the Soviet Union, or the Indian sub-continent, or the vast republic of China. I do not know because I have not tried them. But it is a racing certainty that any new

car you buy will offer safe, reliable and comfortable transport.

If these three qualities are your only criteria, you have absolutely no need to spend more than, say, £18,000 on a motor car. Half that will still buy you more than adequate standards of safety, reliability and comfort.

You can have power steering on a £9,000 car, even automatic transmission, too, if you settle for a Malaysian Proton. And £18,000, at the most, will buy a car that has everything needed to make a demanding motorist content. Only if you feel compelled to drive a large and/or prestigious car do you need to spend more.

Of course, objectivity is the last thing to govern many car purchases or choices of company car. Look at all those

high-slung, knobblly-tyred 4x4s that spend their lives on urban and suburban tarmac. And the turbo-charged sports coupés driven sedately from club to shops and the golf club.

At the moment, though, I will deal with new cars at below this level because I have driven quite a few of them recently. I have praised Ford's Mondeo, the Citroën Xantia and Vauxhall's (Opel) Corsa already. They are not flawless. The Mondeo lacks rear seat space and you feel road bumps more as you go up-range and the tyres get fatter. To my taste, the two-litre was undergeared.

The least-powerful version of the elegant and beautifully-suspended Xantia also was geared low enough to be a bit buzzy at 80 mph (128 km/h) on

an autoroute. And the fastest Corsa, the 16-valve 1.6i, was a great drive on smooth roads but I felt every single cobblestone on Spanish pavements. None of these flaws is serious, and none affects the general

'The really bad west European or Far Eastern car no longer exists'

excellence of the cars concerned.

Much the same can be said of three other new models I sampled last month: the Rover 600, Mitsubishi Galant and Peugeot 306. There are nine Rover 600s, ranging from a two-litre 630i at £13,995 to a

PROPERTY AND GARDENING

CLOSING a church or chapel is painful. In many cases, it has stood for decades - sometimes centuries - as a centre of community life and a place of reflection and beauty. What a delight to walk into a well-tended church with brass gleaming and the smell of furniture wax, incense or candles hanging in the air.

"Hattless, I take off my cycle-clips in awkward reverence," wrote Philip Larkin in his poem *Church Going*. Larkin wondered why the place ("This special shell") mattered to him when he did not believe in God.

How right he was. Many people do not go to church regularly - if at all - but still see themselves in some loose way as Christians. And, in a sentimental British fashion, they feel the local church ought to be there in case they need it.

But congregations drop - some country churches see fewer than 10 on Sunday mornings - and people move. New suburbs need new churches. Others, built in Victorian times to take the gospel to the Industrial Revolution, are left stranded in the middle of slum clearance or traffic schemes.

What can be done? The Church of England looks for alternative uses as restaurants, art galleries, museums, concert halls, offices, workshops or even flats. Such schemes fit best into medieval and Georgian churches where the architecture derives from the style of the long hall and the drawing room. But Victorian churches, with their lack of windows, are far harder to adapt. They were built as statements of belief when doubt was already on the increase - intellectually with Darwin and Huxley, and socially among the tolling urban masses to whom religion was irrelevant. Every detail in them, especially the slight lines, was planned to make the point and they resist conversion to other uses.

Matthew Saunders, of the Ancient Monuments Society (AMS), says two good Georgian conversions are St George's in Bolton, Lancashire, and St Julian's, Shrewsbury, both now craft centres. The Grade II-listed St Mary's, Gateshead, has become an auction house and arts centre while St Mary's, Bedford, is an archaeologists' workshop and St James the Great at Bethnal Green, London, provides 24 affordable flats for first-time buyers.

The Redundant Churches Fund (RCF) has money - 70 per cent government, 30 per cent Church Commissioners - to preserve exceptional buildings without having to find alternative uses. The RCF has 271 such C. of E. churches in its care while the dioceses look after a few more. So do the Friends of Friendless Churches, whose aims are obvious. They share offices with the AMS in, of course, a church: Wren's St Andrew-by-the-Wardrobe in the City of London.

Soon, with the inauguration of the Historic Churches Trust (HCT), non-conformists will have a scheme like the



The Old Chapel at Blockley, Gloucestershire... a Paliadian facade and two bedrooms, for £285,000

When religion gives way to conversions

Gerald Cadogan looks at the market for redundant churches

RCF. Chapels, often in a sub-Georgian style, have the space and windows to convert well and have become museums (as have synagogues in Chesham, Manchester and Spitalfields, London), offices, galleries, houses and flats. If they are Methodist, they will have restrictive covenants forbidding their use to sell alcohol, or for gambling, public dancing or Sunday trading.

The handsomest chapel now on sale is the 1835 Old Chapel in Blockley, Gloucestershire. This Cotswolds building has a Paliadian facade and has been converted sympathetically to make an attractive, contemporary two-bedroom house. Jackson-Stops offers it at around £285,000.

Far simpler, but carrying the gambling/sale-of-drink restrictions, is the Old Chapel on the edge of the village of Chilton, near Tavistock in Devon. Better inside than out, it has a lean-to that held the Sunday school. Millerson offers it at around £125,000.

Cheaper still is the former Mission Chapel of the Good Shepherd in Great

Langton, near Northallerton in North Yorkshire. It is 115 years old, was used religiously until 12 years ago and has planning permission for conversion to a two-bedroom house. The River Swale is close by for fishing. (The neighbouring School House and Old School are sold already). The chapel is on offer at over £30,000 from Strutt & Parker.

In Warwickshire, the Methodist Chapel at Long Compton might go for less than the guide price of £25,000 upwards when Taylor & Fletcher auctions it on April 28 at The Bull in Burford.

If you like chapels but do not want to live in one, Toat House near Pulborough, West Sussex, is a farm with 166 acres and a chapel to St Wilfred in the grounds. Toat is on offer from GA Town & Country and Humberts at over £550,000.

Over in East Sussex, Heathfield Park, a grand late-17th century Georgian house (from Knight Frank & Rutley, around £850,000) has a barrel-vaulted chapel in the cellar. The same firm offers a large Edwardian house at Wad-

hurst, used recently by an order of nuns as St Benedict's Priory, for around £400,000; it has 24 bedrooms and a 1980s chapel.

For the chance to live in a converted Victorian city church, Winkworth offers a flat in Steeple Court, Bethnal Green, London E1 (convenient for the City). The guide price for the leasehold is £39,000, with 94 years to go. A £100 annual ground rent and 12 flats in the building raise the intriguing thought that this could be the first ex-church to win collective enfranchisement (acquire the freehold) when the Housing and Urban Development Bill becomes law.

Further information from: GA Town & Country, Pulborough (0798-872 432); Humberts, Leam (0273-478 828); Jackson-Stops, Chipping Campden (0396-840 224); Knight Frank & Rutley, Tunbridge Wells (0892-515 035); Millerson, Tunbridge Wells (0822-617 243); Strutt & Parker, Harrogate (0433-561 274); Taylor & Fletcher, Chipping Norton (0698-644 344); Winkworth, Bosc, London E3 (081-981 6776).

For eyes and teas

AFTER one day's Easter gardening, perhaps you would already like a change: after two, the back muscles may enforce one. If so, go and see what others have made of their time. This year, there are more than 2,800 gardens open on Sundays and weekdays in England and Wales. To find them, you need a car, curiosity - and the familiar Yellow Book. This year's edition costs £2 over the counter, £3 by UK post or £3.75 air mail to Europe. Cheques should be made out to the National Gardens Scheme and sent to its new address of Hatchlands Park, East Clandon, Guildford, Surrey GU2 7RT.

The many great gardens in Scotland and Ulster do not appear between the same yellow covers because they run on slightly different seasons to those in the main book. But they are an essential extra. Scotland's Gardens Scheme will post you its handbook for £2.50 from 31 Castle Terrace, Edinburgh EH1 2EL. Ulster gardens can be found in a list from the Public Affairs Manager, National Trust, Rowallan, Saintfield, Co. Down. For breaks in May or late July, these booklets from the Celtic fringe are invaluable.

This year's range of gardens is nothing if not varied. At Star Cottage, beginning today, meetings are promised with "mechanical artist and author Lys de Bray, lately of Turnpike Cottage, Wimborne." She will be greeting visitors personally and showing them a garden which "will become another living library of her botanical drawings and paintings."

Alternatively, you can check out the taste of the previous and present archbishops of Canterbury. Today, from 2-5.30, Lambeth Palace will be showing off the "significant renewal" of the past five years. The roots were laid by the Runcies (previous), and it is good to think that there is renewal somewhere in the Anglican garden-at-large which can be called significant.

In any case, who knows what you might meet in an archbishop's garden on the eve of Easter? Remember, too, that the proceeds from tea go to the Lambeth boy scouts.

Further north, near Ironbridge, Shropshire, the owners will show you their prize-winning garden, "formerly the site of a rubbish tip developed by owners as a nature garden to attract wildlife." Teas here assist the Arthritis and Rheumatism Council for Research: fellow-gardeners will sympathise.

These prize-winners are becoming more evident in the self-descriptions in the Yellow Book, competing with past television appearances and easily-overlooked "features." Near Portsmouth, you are invited to a prize-winner "in 1988 and 1990 in *The News* water garden competition." At The Tarn in Oxhey Drive, "much of the garden was 'tree-lifted' by present owner from Hampstead in

to live in one and, on Sundays, unwary suckers were asked to fork out to visit several rather ordinary gardens with a cherry paving stones, and pots of chives for sale at the door. As a gardener, I limit my visiting to those places which are given the Yellow Book's star symbol for floral or botanical interest. I avoid those laid out within the past seven years or which emphasise the approximate number of their plants.

But if you want only the best, how do you find them? You can begin with the *Good Gardens Guide*, edited by Graham Rose and Peter King and published by Barrie and Jenkins. It narrows down the candidates to a mere 1,000, within which you can usually trust the starred choices.

Regular openings usually (but not always) imply real quality. Good news spreads on the grapevine: about *Green.com* in Somerset, perhaps; the Old Rectories at Burghfield or Farnborough in Berkshire; or the Old Manor at Twynning in Gloucestershire (where I envied a superb corylopsis beside a vibrant blue corydalis flexuosa only last week).

Old favourites are rising higher under a new generation of owners, like Kiltgate Court or Hodges Barn in Gloucestershire. Others are falling away; but one feels that Wisley, the Royal Horticultural Society's pride and joy, should not be leading them.

Curiosity never killed a gardener, usually it improves it. If they try to sell you primula Wanda as if it were one of grandma's rarities among the home-made cream teas, do remember that all your visiting is also a means to an end. Not every trip can be to a little-known Sissinghurst.

By this Sunday ritual, all garden visitors are turned into cash for charities: visit three shockers and you have helped to pay for a Macmillan cancer nurse. Last year, the Gardens Scheme earned nearly £750,000, a reward for all the unsung efforts of organisers and the labours of all those gardeners who, somehow, we take for granted when they have the nerve to open up for us.

Robin Lane Fox



1970" but it is not an ordinary tree-lift: in its previous home, "it had a mention by the late Lanning Roper in the *Sunday Times*." As rank and degree grows between our gardens, I have strange visions of a 21st century where Sundays will be spent seeing tree-lifts from "gardens once mentioned by the late Arthur Hellyer."

At 2 The Cottage, near Mayford in Surrey, you are asked to park "tactfully" beside a garden included in the *Good Housekeeping* feature on cottage gardens. Even more to the point, home-made teas are available all day. Indeed, teas are stratified as carefully as the prize-winning gardens. Teas should never be confused with home-made teas or teas in aid of the village church, let alone with teas at shop. At the John Hine Studios in Aldershot, Hampshire, you can even have teas in a "traditional English tea room."

As for open villages with groups of gardens, personally, I give them a wide berth. I used

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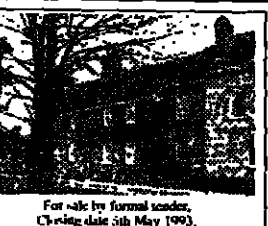
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BOOKS

The black hill and beyond

Anthony Curtis reviews the work of a Welsh poet who found inspiration both inside and outside his native country

HENRY VAUGHAN, David Jones, Vernon Watkins, Dylan Thomas, R S Thomas - there is a continuing tradition of Welsh poets who write in English, and English poetry would be much impoverished without them. Sometimes their work has its origins in native Welsh experience, like Watkins's *Ballad of the Mari Lwyd*; at others it stems from the poet's sense of being a part of a European tradition with roots in classical Greece and Rome, as may be seen in the many fine translations that Watkins made into English verse from Homer, Dante, Ronsard, Baudelaire, Goethe, Rilke.

There is a similar double-vision in the work of R S Thomas, who celebrated his 80th birthday on March 29 with a massive volume containing his poetic output over the best part of half a century. In many of the poems Thomas appears as the poet of rural Wales, portraying individually named farm-workers, their

By contrast Rev Thomas watches his parishioner Evans, "On his way to the fields, where he hoes up one row of mangolds and down the next one" and just in case we should be so foolish as to think that the poet is glorifying Evans as some kind of latter-day Wordsworthian solitary, he adds: "You needn't wonder! What goes on in his mind, there is nothing! Going on there."

To find Thomas's sense of a connection between his two careers, the Church and literature, one needs to consult the introduction he made in 1967 to his selection from the poetry of George Herbert. He speaks there of "The possibility of a fruitful relationship between Christianity and poetry. The bridge between the two latter is the incarnation. If poetry is concerned with the concrete and the particular, then Christianity aims at their redemption and consecration. The poet invents the metaphor, and the Christian lives it."

These complementary approaches to human suffering act together in his own work and underlie a dialogue that runs right through it. Thomas finds it difficult, if not impossible, to reconcile himself to the miserable and often futile lives of the ordinary men and women in his pastoral care. "The great problems," he writes in one characteristically short laconic poem, "Remain, stubborn, unsolved."

One of the saddest tasks a priest has to perform is to be present at the deathbed of one of his flock whom he has known and loved. Father Ciaran Manley Hopkins watched the farrier Felix Randall "pining, pining" until, wasted with disease, he died. But then, miraculously, that poem did end on a redemptive note, as Hopkins remembered Felix as he was formerly, full of health and strength, and making for "the great grey drayhorse his bright and battering sandal!"

In Thomas's poem "The Mill" he describes how he would pay regular visits to a miller confined to his bed for nine years before he died. The poem ends with no spark of redemption: "The great frame rotted/ While the past's slow stream/ Flowing through his head/ Kept the rusty mill/ Of the mind turning - / It was I it ground."

Thomas deals with the condition of Wales in several of his poems in the same spirit of ruthless candour. He is a passionately committed nationalist appalled by much that he sees going on around him. He was 30 before he learnt to speak Welsh but he wishes that he and the other Welsh poets I mention had written in their own indigenous language.

He deeply resents, as he says in his outspoken pamphlet *Cymru or Wales?*, "the effects of an English life-style, English thought processes and the English vocabulary..." However, as I hope I have indicated, this resentment has not prevented Thomas in his poetry from attaining to a great mastery over the English language.

COLLECTED POEMS 1945-1990
by R S Thomas
Dent £25, 548 pages

CYMRU OR WALES?
by R S Thomas
Gomer £3.75, 32 pages

wives and children, the inhabitants of his parish, seen against a sharply etched background. One flourish, the labourer - Iago Prythor, the labourer, a Welsh Piers Plowman, whose harsh life Thomas never tires of describing.

Yet there are also many poems in the R S Thomas canon that transport the reader far from Welsh concerns. Kierkegaard and Wallace Stevens are two non-Welshmen who ignite Thomas's muse; so do many French painters. One of his recent books, *Improving Thoughts* (1985) was entirely devoted to poems based on modern art, starting with Picasso and Matisse, concluding with Magritte, Max Ernst and Roland Penrose. Whether he is writing about a Welsh milkmaid or Matisse's "Portrait of a Girl in a Yellow Dress", Thomas's approach remains the same. He stands back from the object of his contemplation, recreating its appearance in carefully structured words, and letting it serve, by the close, as a general reflection on the human condition. The language is austere, the rhymes sparse, the mood often bitter.

For much of his life Thomas wrote his poetry while serving as a minister of the Church, in 1936 at Chirk on the Welsh border, and then among the hill farmers of Montgomeryshire; but the reader who expects a God-centred lyricism, hymning the Welsh countryside, will be disappointed. It was that other Thomas - Dylan - who composed odes in praise of innocence and sunshine at harvest-time, who sang of "the round Zion of the waterbed and the synagogues of the ear of corn", not this one.

A totem of the Celtic fringe

Wales, it materialised so large that a paperback was impossible, but Allen Lane issued *Hanes Cymru* in 1990 never the less.

The Welsh original had an almost totemic force, whatever its contents: I well remember with what pride it was displayed in the dingy windows of sub Post Offices in minor mid-Welsh market towns.

A HISTORY OF WALES
by John Davies
Allen Lane £30, 718 pages

And now Davies has turned his Welsh text into English, bringing it to the wider readership it much deserves. There is always a danger that these nationalist histories will be quaint. And indeed, some aspects of Welsh nationalism are quaint: anti-English sentiment is always framed in Welsh as anti-Saxon, and assumes a purity of English culture that really no longer exists (in many "English" towns Punjabi must be almost as much used as English). It may be that English nationalist history is no longer possible precisely because England is now much more of a multi-cultural society than



the 20th, the Welsh have communicated to each other in their own language.

And it is no exaggeration to say that the language has preserved the nationality of Wales. There may never have been a Wordsworth of the Valleys, but lyrical ballads circulate in Wales as they no longer do elsewhere. (To see a child of six stand before an audience of thousands, take a single note from a harp, and then deliver a song in perfect pitch, is extraordinary to outsiders attending an eisteddfod, but natural to this country.) It is clear that the centre of gravity for Wales resides, as it always has done, in the language; and it was Matthew Arnold's big mistake, when he was Inspector of Schools, to suppose that you could keep "Welsh culture" without its own linguistic base.

A cultural centre of gravity does not, of course, imply absolute cohesion. There are two distinct facets to Welsh history: one is the Celtic, the other (to borrow an Arnoldism) the Hebraic - by which I mean the tea-urn culture of Dissent and Nonconformity. Bingeing versus temperance, poets versus preachers, warriors versus pacifists: following the interaction of the Celtic and Hebraic throughout this book is perhaps the most satisfying part of it. But whether it is for hell-fire or lechery, the language has been one and the same: which is why it is entirely right, and an act of enlightenment from Penguin that *A History of Wales* comes after, not before, *Hanes Cymru*.

Nigel Spivey

Did Heisenberg stop the bomb?

Brian Wenham on Germany's 'reluctant genius'

SOME MEN flaunt their wars. Werner Heisenberg, leading physicist of Hitler's Third Reich, did not. Heisenberg, lauded in 1933 with the Nobel Prize for his Uncertainty Principle, has a war record about which very little seems certain. Thoms Powers, in telling *The Secret History of the German Bomb*, struggles to pin down just what Heisenberg was up to. In particular, how consciously did he operate a one-man go-slow, and if so, why?

Powers' 500-page narrative necessarily concentrates as much on the atom bomb that was made - the Allied bomb - as on the one that was not. The central fascination of the tale lies in the bluff-counter-bluff resorted to by both sides as each sought to probe the other's motives and progress. Can any sliver of information be taken at face value?

Early on a report reaches the West that Heisenberg "uses to delay the work as much as possible." True, or bluff? The Americans were unconvinced, but their own counter-probes could not be pressed with too great an intensity, lest the Germans twig that the American effort was off and running.

In fact, as Powers confirms, the Germans, prompted by Heisenberg, concluded in mid-1942 that attempting to build a bomb within the likely time-frame of the war would be at best difficult, at worst crippling.

plunging. Nor were they sure that they could get the "critical mass" down to manageable size. They opted instead for a modest programme of reactor development.

The Americans and their allies continued to think that the Germans retained an option, as it were up their sleeve, until captured documents proved the contrary in the winter of 1944-45. Meanwhile, plans to capture or assassinate Heisenberg were

HEISENBERG'S WAR: THE SECRET HISTORY OF THE GERMAN BOMB

by Thoms Powers
Jonathan Cape £20, 608 pages

kept warm. If there were a German bomb, then Heisenberg's work would be the underpinning of it.

By the time of the Hiroshima atom bomb explosion, Heisenberg and nine key colleagues were safely captured and tucked away at Farm Hall, Cambridge, chattering into hidden microphones. Powers believes that recently released sections of the Farm Hall tapes confirm Heisenberg to have been an active procrastinator. Heisenberg shares in the initial shock of Hiroshima, but within a matter of days is lecturing his colleagues accurately on the physics that lay behind the

Allied success, and how the "critical mass" had been scaled down from the one ton the Germans initially thought necessary to the few kilograms that made the Allied bomb deliverable. Surely, Powers claims, the brilliant Heisenberg must have known all along, but stayed quiet.

Yet in the post-war scramble by physicists on both sides for moral high ground, Heisenberg never claimed the credit Powers thinks due to him. In his most settled explanation, in a 1964 letter to Hans Bethe, Heisenberg strikes a deftly equivocal note: "The German physicists did not want to build atomic bombs and were glad that they were spared the decision about producing atomic bombs by external circumstances. In this, what you called 'social conscience' played a considerable role, although there were other motives, not least the pure self-preservation instinct. Here, surely, lies the essential difference in the psychological drives of each side. Physicists working to the Allied tune could assume that failure would not bring direct retribution. German physicists would hesitate before promising Hitler a bomb and then being unable to deliver. A 'pure self-preservation instinct' would lead you into not taking the risk."

The quieter life was the best guarantor of the longer one.

Allenby: the rise of a classy warrior

Justin Wintle considers the hero of Megiddo

VISCOUNT ALLENBY, the victor of Megiddo and pacifier of Egypt, is a hard target for the biographer to get in range. Nicknamed "the Bull", he successfully projected different personae. He was by turns a "pattern" general, product of the Arnoldian public school system and Sandhurst, and the closest thing to George Patton among Britain's First World War generals. Sometimes he commanded by numbers, sometimes he exhibited sustained bursts of military genius.

He only joined the army because he failed the Indian Civil Service entrance. He also failed the Staff College exam on the first sitting. Nevertheless T.E. Lawrence, who knew him as well as any man, could write: "Allenby was so great that the comprehension of our littleness came slow to him." If Allenby was great, then he was a late developer.

The key to the character may well be the same as the key to the life: Allenby took a while to find his own range, but once he had done so, he was magnificent. His appetite for traditional soldiering - sweeping movements of well-disciplined, well-equipped and well-provisioned armies in the service of a cause - was singularly at odds with conditions on the Western Front, but came into its own in Palestine, on the periphery of the war. Yet the huge, polyglot triumph of Megiddo (under his command he had ANZAC, Indian, French, Armenian and Nigerian as well as British battalions) was not his finest hour: that came four years later, in 1922, when as High Commissioner in Egypt he took on Lloyd George and the Cabinet. The government wanted the Wafd nationalist revolt crushed and British rule reimposed, if necessary by maximum force. Allenby saw that a reasonable accommodation of Egypt's nationalist aspirations was the only course likely to secure control of the Suez Canal. In a Downing Street

showdown he got his way. Allenby had proved himself not only a capable administrator but an astute politician to boot. He had spotted the great contradiction in British Middle East policy. On the one hand, if only to keep the French out, London had been prepared to grant Syrian Arabs independence; on the other, it sought to keep Egypt and the Sudan within the colonial fold.

IMPERIAL WARRIOR: THE LIFE AND TIMES OF FIELD MARSHAL VISCOUNT ALLENBY 1861-1936

by Lawrence James
Weidenfeld & Nicolson £20, 279 pages

Britain could not have it both ways. The alternative would have been to argue in favour of France's share of the post-Ottoman prize.

Whereas previous biographies have tended to gloss over Allenby's final incarnation, Lawrence James gives it detailed attention, even at the cost of an authorial contradiction. *Imperial Warrior* concedes that its subject, sorting out the Egyptians, "was a pragmatist first and an imperialist

second". "Pragmatic Warrior" might, have been the more accurate title, if less salable, title. "Through the discontinuities of Allenby's career a unifying strand can be found: a canny regard for his own advancement guided by a sober attachment to duty. Allenby must have loathed serving under Haig in Flanders, but he had too much nous to bad-mouth his superior. The spectacular spleen was always reserved for subordinates; and it is indicative that the Field Marshal did not write, let alone publish, his memoirs. This sets the biographer at a disadvantage. Apart from some letters to his much-loved wife, there is little or no window on the inner man.

But Lawrence James pulls a splendid rabbit from an unpromising hat. The strength of *Imperial Warrior* is its author's grasp of the history. Quite properly, the life is the campaigns fought. James makes fine sense of the Boer War, which created the disciplinarian and tempered the cavalry officer, the deadlock of the Western Front, the eastern Mediterranean and Egypt itself.

Amid the flow of dispassionate judgments, there is room also for anecdote. We are reminded how, at the turn of the century, one Major-General Brabazon seriously suggested that the cavalry should be re-equipped with battle-axes, since these were "ideally suited to the Anglo-Saxon temperament". Of Allenby in Palestine we learn that he frequently drove to the front-line in a Rolls-Royce, while the RFC dropped cartons of cigarettes laced with opium on already demoralised Turkish troops. Best of all is an account of Allenby's intelligence officer in August 1914: keen to discover the pace of the German advance, Colonel George Barrow telephoned every station in Belgium from Mons. "A reply in French or Flemish indicated they were still in Belgian hands. Silence or a German voice meant that they had been taken."

Allenby: a model general

IT IS A conspicuous phenomenon. The histories of Ireland, Scotland, Ulster and Wales have all now been vigorously established. But writing the history of England is no longer *à la mode*. No better index of this is the news that the *Pelican History of England*, staunch va-de-mecum of the sixth-form swot, is to be replaced by a *Pelican History of Britain* and, what is more, that it is to be written largely by transatlantic authorities.

To anyone who has ever been in the "Celtic fringe" long enough to know that it is not a fringe but its own domain of self-defined activity, this comes as no surprise. The English have got their come-uppance. For years, the English have bullishly regarded British history as English history. Never mind 1066 and All That: what do the English know of 1536, 1707 and 1800?

These are dates which still rankle with the Welsh, the Scots and the Irish, for they mark the extension of English sovereignty throughout the British Isles; but up until recently, very little English history has been written from the point of view of the residual fragility of that nationhood which we call "British". The Maastrecht debate has been useful in this respect: it has shown just how few of our parliamentarians (especially the "patriotic" among them) have any understanding of how weak and cosmetic are the bonds which hold "Britain" together.

Against this background, John Davies' *History of Wales* makes a timely appearance. The value of the book is attested by its own history. Commissioned by Penguin to come out in

More black marks for the human race

IMAGINE, says Theodor Roszak, a motion picture of planet Earth filmed from space over the last million years. In the closing minutes, after long periods of slow change, we see the emergence of human beings and the marks they have made on the planet: canals, cities, roads.

In the closing seconds a startling phenomenon occurs. In the Midlands of England black dots appear, "like strange, smouldering sores" breaking out on the planet's surface. They blacken the face of Europe and then North America. "Focusing in more closely," says Roszak, "we can see heaps of slag and rubble

forming around them like weltering flesh... Rivulets of oily waste and noxious fluids issue from these fuming sites, draining into nearby lakes and streams."

This graphic tale is the history of industrialisation as viewed from the heavens. It dramatises the approaching crisis: a pox of pollutants is eating the planet away, spewing out more garbage than the planet can handle. The process, Roszak grimly warns, "may be nearing its terminal stage". What has brought us to this

pass is a kind of madness - "ecomadness", so to say - which has resulted from a psychological divorce between people and the planet.

Viewed rightly, people and planet form a continuum; planetary and personal needs and well-being are inextricably linked. The link, Roszak argues, is deep. Human beings have an "ecological unconscious" and in order to save both mankind and Earth a new form of psychological therapy is needed, to heal the rift between people and planet

THE VOICE OF THE EARTH
by Theodor Roszak
Bantam Press £17.99, 368 pages

which is leading to today's destructive insanity. This healing is to be effected by reawakening our inherent sense of the mutual dependence between us and our natural environment, thus prompting our sense of ethical responsibility for it.

The new form of therapy is "ecopsychology", and Roszak's

book culminates in a description of its principles. Its aim is to recover mankind's oneness with nature. The materials for this remarriage are to be found, Roszak tells us, in ecology, "ecofeminism", animism, the Gaia hypothesis, the Anthropocene Principle, and more.

On the back cover US vice president Al Gore waxes enthusiastic over this New Ageism, describing it as "powerful, compelling, extraordinary". It is extraordinary, all right; for its sheer catholicity. The only thing missing is the

kitchen sink. The message of this book is a simple and unimpeachable one which we have heard many times but which we need to hear constantly. It is that we will destroy the human race, and other species besides, if we do not stop polluting the planet.

But Roszak enfold this manifesto in 600 pages of lost opportunity. There is much new thinking at present about the natural environment and mankind's relationship to it. Some of it is valuable, some of it nonsense. Roszak does not

discriminate between the two. He invokes anything that will achieve a rhetorical effect, which means that he undermines his argument by making it depend on too many doubtful and suppositious notions, for example "mystical-religious-feminist environmentalism", which are more likely to disaffect than persuade readers.

The main fault in Roszak's argument is his claim that mankind is killing the planet. This is untrue. Ecological anxiety over the environment is, in truth, a more parochial matter:

it is anxiety over our threat to ourselves and some of the world's current flora and fauna. Yes, there is a serious danger to humankind, but the planet itself will survive, and within thousands or millions of years it will regenerate itself, just as it did in the past after collisions with meteors, climate changes, ice ages, and other catastrophes.

What Roszak should have explained is why we ought to guard against their own extinction: why a distinctively human presence, with human values, should survive on the planet. But this thought seems not to have occurred to him.

A C Grayling

TRAVEL

Soothing luxury of the 'real' Bali

THERE is a type of travel writer who is always rushing about, harum-scarum. In search of "reality" - the "real" France, the "real" Mexico, the "real" Indonesian island.

As a rule, they distrust and dislike anything remotely modern. So they consult their guidebooks feverishly, leap into their Budget hire-cars and roar off in search of something old or rustic or quaint. Something tucked away. Preferably hard to get to. Understandably forgotten. This they call "reality."

Occasionally, of course, they do find something interesting. But often - have you noticed? - the sum of their intrepidity is a visit to a temple, or a ruin, or a wood-carving factory. Or a farm that ploughs with horses. Or a little-known museum. Or a dull person's home - "real" home, "real" people, sitting at a "real" kitchen table.

On a recent flying visit to Indonesia I was in no danger of discovering the "real" Bali - if it exists. My flight lasted 24 hours. I was severely jet-smacked. Could barely sleep or eat. By the time I had gathered my wits, my visit was over. But I enjoyed my stay at Bali's Grand Hyatt resort, one of a number of ultra-comfortable, expensively well-equipped and well-planned resort-hotels that Bali now boasts at the top end of its tourist market.

And it set me thinking. To the harum-scarum brigade, these resort-hotels have little to do with Bali. They are not "Balinese." They are debased and impure. They are interlopers, cuckoos in the Balinese nest. They are bland and unreal - indistinguishable, in fact, from all the other up-market resort-hotels in hot and exotic places everywhere. At best, they offer a bastardized version of the "real" Bali as it exists beyond the compound gates.

But this strikes me as outright snobbery. These resorts are *real*. They were built in deadly earnest. They are part of one of the most important forces in Bali's history - 20th century tourism. And the version of Bali they offer their well-heeled customers is not just agreeable and soothing, but interesting in its own right. Or so I would maintain.

According to a booklet I picked up: "Over the centuries, Chinese theatre, Indian pagantry, Dutch pomp and Javanese court intrigue have worked their way into the indigenous fibre of the island: the resulting culture is a celebration of life through art and spectacle, ceremony and dance-offerings."

Which is all very well, but is only part of the truth, for the modern-day culture of

Bali is predominantly a celebration of - and a hustle for - the tourist dollar. As the booklet admits: "The concept of Art with a capital 'A' was introduced by Europeans... By now, every home on Earth must have at least one Balinese wood carving."

Alongside the tourist Bali, there is agriculture. So if the harum-scarum brigade wanted to write about an alternative Bali that was *genuinely* distinguishable from its tourism, they would have to interview farmers and write about - wet-rice cultivation. Which could be rather boring.

Naturally, a resort like the Bali Grand



Travels with
Michael
Thompson-Noel

Hyatt is a place for achievers. You don't just stumble there by accident. Double rooms cost from \$170 (£120) to \$250 per night. One-bedroom suites cost from \$450 to \$1,200 per night. And two-bedroom suites cost up to \$1,450 per night. There are also two villas, at \$1,750 (two bedrooms) and \$2,000 (three bedrooms) per night. Food is expensive: American breakfast costs \$12.75, and the *table d'hôte* lunch and the *table d'hôte* dinner cost \$48.50 per day. On top of all this you will be hit by a 10 per cent service charge and a government tax of 7.5 per cent.

What do you get in return? Well, everything you would expect: six swimming pools, a third of a mile of excellent beachfront, a great many water-sports, 40 acres of landscaped gardens and lagoons, pretty waterfalls, tasteful guestrooms, good food, a fitness and health centre, whirlpools, massage centre, hair and beauty salon, predictably expensive shops, squash courts and floodlit tennis courts, jogging trails, putting and chipping green, a special club for children, a self-contained convention centre, and plenty of treks and tours beyond the compound gates.

The Bali Grand Hyatt is large - 750 rooms, organised in a cluster of four "eth-

nic" villages - but you never feel crowded, mainly because of the skill of the landscaping and the excellence of the design. The concept is said to be that of a Balinese water-palace reminiscent of the legendary palace of Tirta Gangga, in Karangasem. Works of art - paintings, sculpture, masks, furniture, pottery, textiles, even a transplanted Hindu temple from the village of Bualu - are dotted all about.

I especially liked this quote from the resort's management: "The many ponds and lagoons surrounding the hotel are kept crystal clear by a biological filtering system using fish. The right number and mixture of fish ensure that they not only decorate the lagoons but in turn eat up the algae formed during the natural photosynthesis process." All cutting-edge stuff.

The harum-scarum brigade will probably argue that I am wrong: that there is a "real" Bali beyond the resort gates that is worth looking into - "real" people living "real" lives in ways unchanged since before the end of the last Ice Age, when, says my booklet: "Bali was 'Land's End' for the Chinese mainland, a sort of prehistoric California for the 'beautiful people' of the earliest migrations from the North."

Don't you believe it. Today, all the "real" Balinese are lifeguards, cocktail waitresses, gardeners, tennis coaches, taxi-drivers, wood-carvers, hairdressers, room maids, rave-dancers, tattooed beach-boys, PR hustlers and other service-providers. The "real" Bali is what you find in the landscaped grounds of resorts like the Grand Hyatt. The stuff outside the gates is just local colour.

■ Michael Thompson-Noel was a guest of the Grand Hyatt, Bali, PO Box 53, Nusa Dua, Bali, Indonesia, tel: (62)-(361)-71188, fax: (62)-(361)-72038. Nusa Dua is 20 minutes from Denpasar airport. In addition to the room rates quoted above, there is a high-season supplement this year of \$20 per room per night during August and on December 26-31.

Internationally, there are 164 Hyatt hotels and resorts, with more under construction.

Getting to Bali can be tedious or even health-threatening: try and avoid Garuda, the Indonesia state airline, which operates tiresome magical mystery tours, stopping everywhere you have ever heard of. Check that your airline, travel agent or tour company is selling you the swiftest possible flights. You may have to shout.

Hyatt's UK reservations - London: 071-580-8197; non-London: 0345-581666. Tokyo: (03)-3288-1234. US, Canada and Caribbean: 800-233-1234.



Getting real: publicity shot for the Grand Hyatt resort, Bali. "The stuff outside the gates is just local colour."

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TRAVEL

Practical Traveller/Patricia Roberts

My home from home in old Prague

STANDING in the dark, deserted stairwell at 11 Bilkova Street I felt more like a spy than the post-communist tourist I was, waiting for my Czech hostess to arrive to make the pre-arranged hand-over: the keys of her Prague apartment in exchange for a modest sum of foreign currency.

In planning my visit to Prague I capitalised on one of the fruits of the Czech Republic's new found democracy, the right of Czech citizens to rent their apartments to foreigners. Tourists now have an alternative to Prague's high-priced, often over-booked hotels, and Czechs can earn extra income, sometimes making half a month's salary in just a few days.

Prague straddles the Vltava River and is divided into 10 boroughs. Praha 1, with Prague Castle, Old Town (Staré Město) and Wenceslas Square, is where most museums and historical sites are found, and was where I wanted to stay. Consulting a map, I narrowed my choice to the charming streets of the Old Town. After talking to apartment rental agencies in France and Prague I booked a residence in the ancient Jewish quarter, close to the historic Old Town Square.

I paid the France-based agent £20 and was told that all I had to do

was show up at the Prague address, pay the £55 balance to my hostess, and the apartment was mine for four days.

I had followed instructions and found myself waiting nervously in the darkening corridor. I started to worry. Had I made a mistake? What if no one came? I started out at the Baroque facades of neighbouring buildings and heard the bells of St Vitus ringing from Castle Hill. It was 5pm. My Czech hostess was late. I thought of the Hotel Intercontinental down the street, and its £135-a-night price tag.

Happily, Madame Koudelkova appeared, apologizing for her 15-minute delay as she welcomed me into her home. Using smiles and gestures to overcome our lack of a common language, she gave me a tour of my new lodgings. The three-room apartment was spacious and clean, and as I imagined walls were covered with enviable artwork sketched no doubt by friends, while a carved statue of a saint stood in one corner, facing a shrine of even bigger dimension: the bookcase, where Dostoevsky shared space with Goethe and Gogol.

Madame proudly pointed out both a shower and tub, with 24-hour hot water. I noticed sound-proof windows in the sleeping area, where

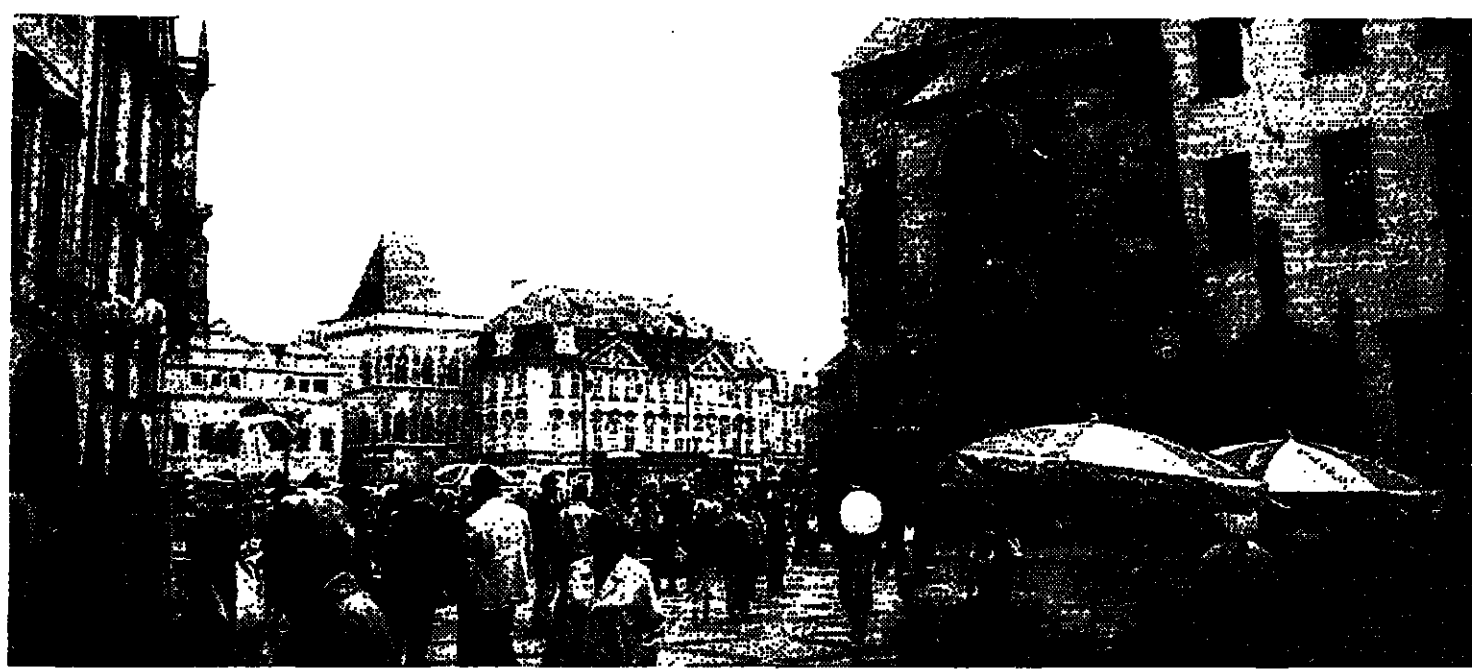
two twin beds were fitted with fluffy cotton comforters. The large kitchen was decorated with shiny red shelving stacked with international teas, evidence of guests before me.

It is important to note that kitchens in Prague may prove perplexing to the unaccustomed visitor. Ovens are small, refrigerators are frequently half-size and amenities sparse: microwaves and toasters are practically non-existent.

None of this proves a problem, unless, of course, it comes as a surprise. If planning to cook in your rented apartment, or if traveling with children, request an inventory of appliances beforehand. Some agencies, like Prague Suites, can provide coffee-makers and televisions. They will also stock groceries. It is a good idea to have at least water, bread and milk on hand upon arrival.

Telephones are rare, but this is not a big problem as calls are made easily from hotels and post offices 24 hours a day. However, rental agencies should provide useful addresses including local hotels, taxi stands and medical clinics which admit foreigners (such as Polyclinic, 32 Karlova namesti; tel: 299-381).

Madame Koudelkova handed me her keys and we pantomimed our



Stop and smell the coffee: Old Town Square in Prague

goodbyes before she disappeared down the stairwell. I turned then to important matters. Where exactly was I? My map showed Parizska Avenue nearby and, one street down, the former home of Franz Kafka. Three blocks away was the 13th-century Gothic Old-New Jewish Synagogue and, beyond, streets lined with antique and crystal shops that led to the open-air market on the cobbled square.

I had an agenda and it began with dinner. A year ago I would have arrived in Prague laden with survival food, but times have changed. Restaurants have opened all over the city. I found delicious Czech-style trout and a good Moravian wine at the charming U Zlate Hrusky (3 Novy Svet on Castle Hill). Dinner for under £3 can still be had

at *vinarna* (wine bars) as well as *provoz* (ale houses), where ham and garlic sausages go well with the famous Czech beer.

U Supa (Celetna Street) has Purkmistr on tap, while U Fleku (9 Krenkova), a German-style taverna, has been serving 13° Lezak since 1499. Pilsner Urquell is the beer of choice at U Zlateho Tygra (17 Husova), a tavern packed with goateed locals (good luck getting a seat).

Czech coffee is excellent, the sweet flaky pastries divine, and my neighbourhood café lured me away from making my own breakfast each morning. Afternoon tea at the old-world Hotel Europa was serenaded by waltzing violins and the nights were filled with Baroque concerts or jazz at Club Reduta.

I felt rather guilty not spending more time at my home-away-from-home on Bilkova Street, but as I assured Madame Koudelkova in my parting thank-you note, I would surely return.

■ Finding *chez vous* in Prague is made easy by asking the right questions. Decide to stay in either a private apartment or bed-and-breakfast. Request a map showing your rental's location. Inquire about noise, elevators, sleeping arrangements, facilities and proximity to metros and trams.

Some of the agencies offering the largest selection of Prague rentals: Top Tour (9 Rybná, Prague 1; tel: 42-2-232-1077; fax: 42-2-232-6126) offers one-bedroom (two people) apartments at £48 nightly. No credit

cards; payment in local or hard currency upon arrival. Prague Suites (8 Melantrichova, Prague 1; tel: 42-2-269-384; fax: 42-2-266-179) one-bedroom apartments start at £92 (includes transportation to and from the airport and 24-hour concierge and maintenance services).

In the UK, Mary and Francis Villars, a division of Time Out (Chester Close, Belgrave, London SW1X 7BQ; tel: 071-235-8825; fax: 071-259-6083) offers one-bedroom rentals for £48.

The France-based Chez Vous (47150, Lacapelle Biron, tel: 33-53-40-85-54; fax: 33-53-40-86-30) takes requests (English, French) within Europe for Prague-based agencies (including Top Tour). One-bedroom apartments: £45.

In search of the good earth

AS a holiday destination, Lemnos has not had a very good press. A large island about 30 miles off the Turkish coast, its scenery is not particularly spectacular, and it has few ancient remains. It is Garrisoned by several thousand Greek troops, and the military presence is always evident, though as compensation there is a decent road from one end of the island to another.

Its small metropolis, Myrina, is a bustling town crowned by the ruins of a massive medieval castle; its long, sandy beaches are far better than most, and its countryside is well farmed and looks prosperous.

Lemnos is not as well-known as the smaller and more obviously pretty Greek islands. Yet until a century ago it was among the most famous, renowned as the source of

"Lemnian earth", a cure-all for almost every conceivable disorder.

Dug from a hillside pit on the north side of the island, this magical substance was made into small lozenges, which were exported all over the Mediterranean. In the 2nd century AD, Galen, the Greek father of modern medicine, made a special journey to Lemnos to investigate the earth. It was believed to be effective against poison and snakebite. In the 16th century *Terra sigillata* (sealed earth) or *Terra Lemnia* was used against dysentery and the plague, and was so popular that quack doctors took the trouble to fake it.

Until the end of the 19th century it was still dug and made into pills, as described by the Rev Henry Fanshawe Tozer in his book on the Aegean islands, published in 1890. Tozer was one of those Victorian clergymen who travelled for months at a time - presumably leaving their caravans in charge - and were happy to go anywhere.

He set out from Myrina with three hired horses and a guide, and took a day-and-a-half to travel the 15 miles to the pit, shadowed by suspicious Turkish soldiers.

In Galen's time, Tozer wrote, the earth was kneaded and moulded by the priestess of the moon goddess

Artemis, who was the only person allowed to handle it. It was then divided into small pieces, each stamped with the seal of the goddess. Under Christianity the ritual took on Christian overtones. In Tozer's time it was overseen by the Turks, who still ruled the island.

The annual ritual, attended by about 3,000 islanders, took place on August 6 and was conducted by both Greek and Turkish priests. The earth had to be dug before sunrise, otherwise it would lose its medicinal powers. The Turks sacrificed a lamb, which they ate, while the Christians had to make do with fish, as August 6 fell during a fast.

After a service recited by Orthodox monks, the mouth of the pit was cleared, and five or six sacks were filled with the earth. They were handed to the Turkish authorities, who sent most of the earth to the Sultan in Constantinople, though the Greeks were allowed to keep a small proportion.

Last summer, armed with Tozer's book, I went in search of the pit. The journey from Myrina today takes well under an hour, mainly along the military road. Tozer described exactly where the pit was - below the summit of a 200-ft hill, about a mile south of the village of Kotichino (today's Kotsinas) and

above a spring called Phtelidia. I had no problem finding the spring: it has been diverted into a series of drinking troughs and was in constant use. On the hillside above, I found all sorts of thistle-filled hollows where the earth might have been dug.

But even in his day the farmer who owned the hill was threatening to plough over the pit, and the quest was obviously hopeless. So I walked down the hill again, had a swig of the marvellously fresh Phtelidia water and went back to Kotsinas.

On my return to England, I tracked down a remnant Lemnian

earth. It is called simply "*Terra sigillata*, ref 1939.958", and is kept in a drawer of the Natural History Museum's mineralogy department. It is an insignificant reddish cylinder about 1in across and 1/2in deep, like a small terracotta basin plug or a large Bolo. Its upper surface is stamped with the words "*Terra Lemnia*" (a misspelling for "*Lemnia*"), with a crescent moon and three stars above, and a pair of crossed palm branches below.

The Rev Tozer is dismissive about the earth's medical properties, quoting an analysis that found it to consist of "silice 66 per cent, alumina 14.5 per cent, oxide iron 6 per cent, water 8.5 per cent, natron 3.5 per cent", together with small quantities of lime and magnesia.

Keith Spence

Lights on a winter night

TROMSO. Arctic Norway. 3pm. Pitch black. I lean back and gaze. This is exactly what I had come to see: the Northern Lights, the *aurora borealis*, flickering against a huge sky.

Things had begun in the north-west. A few green bands, like slats of Venetian blind, had appeared above the horizon. Dimming momentarily, they returned stronger than before, spiralling outwards and showering waves of phosphorescence across the night. Trees, which had been enveloped in blackness, revealed gaunt silhouettes against a glowing green expanse.

The technician, a burly Nor-

wave at the natural firework show, in spite of parental warnings that this invites the lights to carry them away.

I was getting carried away, myself, but not by the lights. I had given up on the *aurora borealis* and had turned my attention to the attractions of Tromso itself, a city of biscuit-tin-like picturesqueness.

January in Tromso is cold and snowy, but not as chilling as one would imagine for a city on the 70th parallel. My flight from London, via Oslo, took four hours. A similar journey south would have landed me in Timbuktu.

There was an extraordinary muffled silence about Tromso, blanketed as it was in snow. The only sound was the trickle of water and the occasional crash of melting ice slipping from claspboard houses and pin-sharp church steeples.

From my bedroom in the Hotel With (with what I wondered) I could make out the cobweb-thin bridge separating Tromso from the mainland. In the dark, the spindly structure vanished from sight and car headlights appeared to float slowly over the black watery divide. On the mainland was Tromso cathedral (yes, the world's most northerly), a peculiar girded affair like the rib-cage of a whale. Mountains stared starkly behind.

I had quite forgotten the Northern Lights by now as I padded and skidded across the tiny city centre, sliding from bar to bar. I even squeezed in a visit to the Polar Museum, which occupied my attention for several hours - saving me a small fortune in beers.

■ Intravel (0439-71111) organises Northern Lights packages departing every Thursday in January and February, returning Sunday. The weekend, including scheduled flights on SAS and accommodation at Hotel With, costs £390. Accommodation is nominally b&b, but residents can help themselves to coffee and pancakes during the day and a smorgasbord in the evening (worthwhile in view of exorbitant restaurant prices).

The Northern Lights, caused by high-speed solar particles hitting the earth's magnetic field, are visible on clear, dark nights between 7pm and 3am. In January and February, you stand roughly a 50 per cent chance of seeing them.

David Pilling visits the arctic circle in search of illumination

wegian, snapped on the lights to illuminate the domed planetarium ceiling on to which the *aurora borealis* had been projected. The real Northern Lights were outside, but were obscured by cloud cover.

The planetarium opened in 1989 to satisfy tourist cravings for the Arctic's most famous phenomenon. If the real lights were playing hard to get, at least these were reliable.

On one occasion, he said, a group had emerged blinking from the planetarium just in time to witness one of the most spectacular displays of the *aurora borealis* in years. Many visitors are not so lucky. The Northern Lights remain elusive, even here in the world's northernmost city at the heart of their most active zone.

I went in late January. Tromso was just emerging from two months of total darkness, a period when many people, ironically, find it almost impossible to sleep.

Judging by the packed and numerous bars, the city's sleep-deprived multitudes take solace in Arctic beer - brewed, according to the can, in the world's most northerly brewery. At 24 a pint, it was certainly approaching the most elevated prices.

Many Tromsians attribute mystical qualities to the Northern Lights. Children often

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FICTION AND ARTS

A Western thoroughbred

Andrew Clements is bewitched by a new giant of American fiction

ANYONE who has read any of Cormac McCarthy's previous novels, particularly *Blood Meridian*, his *Idyll* through the badlands of the American West, will already know the frisson his writing can generate and the sheer force his imagery musters. Yet there is no prior knowledge that could anticipate the searing achievement of *All the Pretty Horses*. In a single giant stride it takes McCarthy to the forefront of contemporary American fiction.

The origins of McCarthy's art, in William Faulkner and Hemingway, are easy enough to discern: his prose has a compulsive directness, a descriptive virtuosity which wastes not a single word. Now, though, comparisons and antecedents are made to seem irrelevant. The voice is manifestly a unique and powerful one, the world it inhabits has been made entirely its own. There is something almost transcendental about McCarthy's descriptive virtuosity.

It is a compulsion to observe and record the dream of the old America. As they cross into Mexico they meet up with a younger aboriginal, Blevins, the last issue of another old West lineage, the outlaw. After Blevins steals back his escaped horse the three youths are forced to split up and the older two find their way to a Mexican ranch.

For if literature ceded the American West to the cinema three-quarters of a century ago, McCarthy is now reclaiming it. The evocations of the borderlands of Texas and Mexico in the late 1940s resonate around the protagonists of *All the Pretty Horses* until landscape and character, even speech, become the equal components of a seamless, endlessly variegated texture.

John Grady Cole is the grandson of a Texas rancher, the last, losing generation of a dynasty that has seen its grip on the land progressively weakened. When his father, back from the war, opts to give up ranching for life in the town, John Grady escapes south to recover the cowboy life, with his friend

Lacey Rawlins he sets off in search of the dream of the old America. As they cross into Mexico they meet up with a younger aboriginal, Blevins, the last issue of another old West lineage, the outlaw. After Blevins steals back his escaped horse the three youths are forced to split up and the older two find their way to a Mexican ranch.

ALL THE PRETTY HORSES
by Cormac McCarthy
Picador £14.99, 302 pages

which seems to be the very last arcadia they had set out to find.

The lyrical centrepiece of McCarthy's book is a loving description of the two boys' life on the ranch as working cowhands, luminous in its details of the enchanted world as the boys perceive it. When cruel reality intrudes again, Blevins is caught as a horse-stealer and Grady and Cole are implicated too —

the unblinking force of the book does not waver. The inhumanities of prison life are portrayed just as vividly as the lyric interludes. Grady emerges from his ordeal forcibly matured, yet clinging to his own moral code of loyalty and courage through which he can survive the institutionalised horror.

Not the least considerable of McCarthy's achievements is to make the narrative as spell-binding as his descriptive flights. One remembers the harsh beauties of the book — the image of song birds impaled by a storm on the spines of a cactus, the hymn-like celebrations of the natural grace of horses in an unforgiving landscape — but also the corrosive tale and the moral imperative it conveys. Everything, too, is wonderfully proportioned; all the strands are perfectly integrated, without any spare flesh. For once a jacket blurb has got it absolutely right: *All the Pretty Horses*, it says, "is indisputably a masterpiece".

A saga, backwards

ADJECTIVES come racing to mind to describe Mr Mani, for instance "rich, complex, exotic, creative, informative", but "easy" is one that does not fit. On finishing it, this reader had the reaction that he had to turn back to the beginning in order to grasp more fully the sources of his admiration.

A B Yehoshua has hit upon an original way of telling what in former days might have been a three-decker family tale of the Thomas Mann or Galworthy type. Depicting ten generations of the Mani family, Yehoshua chooses to unfold the story backwards, from a

young Israeli woman in the present bringing up the latest Mani, a boy whose father has been killed on active service in Lebanon.

Behind her and this boy stands a grandfather who is a judge, and behind him stands an elder Mani who was in Crete with his family at the time of the German invasion in 1941, and who did not survive the Nazis. Behind him stands his father, who had been in Palestine when the British captured it in 1917, and had been

treated as a spy and deported to Crete. And behind him stands a previous generation which travelled between Poland and Jerusalem. In this way the roots of the Manis are traced to a forebear in the Jewish quarter of Salonika in the 18th century.

By the fictional standards of today it might have seemed unacceptably old hat to give a straightforward narrative even of so unusual a lot as the Manis. It is also a brilliantly oblique method of telling the entire recent history of the Jews, of course, with the one diaspora in Europe and the other in the lands of the former Ottoman empire meeting now in the modern state of Israel, and not always smoothly as a new identity arises.

Yehoshua sweeps in an enormous cast of characters, beginning with wise rabbis and Jewish doctors and villagers in eastern Europe, going on to Dr Herzl himself at a Zionist Congress in Basel, taking in the British consul and British army officers and people who ran a clinic in Jerusalem, Ottoman Beirut, Turks and Arabs and Jews of all sorts. Such a

display of learning and command of historical detail might have been intimidating, but the touch is far too light and natural for that.

As for the Manis, they survive without giving any sense that they realise how special they are. As a family they have more than their fair share of suicide and illegitimacy. History brings them tragedy and murder. Their personal dramas

MR MANI
by A B Yehoshua
Peter Halban £15.99, 368 pages

count for more than anything symbolic which Yehoshua may have intended for them as representatives of Jewish fate. It is extraordinarily skillful to have captured the Jewish mixture of suffering and revival, despair and messianic hope, without in any way spelling out such heavy themes.

Which brings us to technique, a subject of concern to writers rather than readers, but inescapable in this case. Yehoshua has chosen to arrange the novel in the form of five lengthy conversations,

so that the saga is not necessarily carried forward (or backward) by those directly living it, but instead through the mouth of someone convenient for the purpose: the mother of the last Mani boy, the German soldier who killed the Mani in Crete and so on.

The supposed interlocutor is missing. The conversations are therefore so many interior monologues. On the one hand this allows Yehoshua to range far and wide, but on the other it proves extremely cryptic because it is one-sided. The reader is often left to puzzle out what the missing person is supposed to have said, and Yehoshua delights in setting traps.

I cannot imagine what else Yehoshua could have done, but imposing this structure on himself makes for harder work than need have been the case, and raises an awkward question of verisimilitude: if one side of these conversations has been recorded, how come the other has not?

In the future, as this book takes its rightful place, seminars and doctorates will thrash out that point. Let me now add "creative, wild, exemplary, life-enhancing and even optimistic" to the list of adjectives.

David Pryce-Jones

Life after apartheid

ANDRE BRINK, a writer made famous by a series of large-scale, energetically plotted novels capturing the violent complexities of South African life past and present, here attempts something completely different. End-of-apartheid fiction moving away from anguished verisimilitude or else didactic accounts of political turmoil to new or previously neglected areas of South African novel-writing sensibility — is already well into its first phase. Writers are reclaiming "personal" modes of utterance, re-examining history (their own and that of the country itself), re-discovering a wider range of story-telling formats.

In a fascinating recent series of Radio 3 interviews with South African authors conducted by Christopher Hope, this point emerged again and again, and one of its most forceful articulators was Brink. His migration from, say, *Looking on Darkness* or *A Chain of Voices* to *The First Life of Adamastor* is a modulation of form, scope, focus, tone of voice: the pessimism that emerges from the juxtaposition of paradisaic landscape and the *comédie humaine* it has engendered, is essentially the substance common to all those works.

The new book is a slimline exercise in consciously applied archaic style. Brink found his starting point in the great Portuguese poet Camões, and in particular the Cantos from the *Lusiads* dealing with the transformation of the Titan Adamastor into the rocky Cape peninsula as Zeus's punishment for his obsession with the nymph Thetis. This is the inspiration for a new and, for much of its course, freshly invigorating fable on the eternal conflicts of race, culture and religion that have stratified South African history, and the dark strands of sexual attraction that have constantly

cut across those politically imposed strata.

Adamastor is here leader of a Khoi — in debased South African usage, Hottentot — tribe. One day he finds a white woman deposited on the beach, as if hatched from an egg. In the ensuing tale of mutual incomprehension, growing sexual attraction, courtship and downfall, ruin is inevitable not only for Adamastor but for the whole tribe — a fair amount of it brought about by the size of his own sexual organ, which increases with such unstoppable rampancy that only a lucky painful accident solves the problem.

One of the madder myths to have fogged white relations with black Africa is of the

THE FIRST LIFE OF
ADAMASTOR
by André Brink
Secker & Warburg £7.99, 136 pages

TAKE LEAVE AND GO
by Karel Schoeman
Sinclair-Stevenson £14.99, 279 pages

black male and his sexual equipment and endowment. Touching symbolically on this and much else, Brink infuses his material with a piquant blend of sophisticated naivety and comic robustness. Grotesque, unfortunately, the tone wobbles — it almost always does at diverse points in Brink's fiction — in this case, into irritating cuteness. At times the control of allegorical function seems threatened with debilitating artifice. In the end, though, the author brings it off: a dark subject treated with peculiar imaginative lightness.

A younger and less well-known Afrikaner writer, but one with a wonderfully fastidious command of tone, texture and subtly placed descriptive detail, is Karel Schoeman. (Unlike Brink, who has long abandoned Afrikaans for English, he continues to work in his native tongue.) *Take Leave and Go*, his third novel, affords its own distinctive example of the newly expanded South African approach to fiction. Set in a near-future gripped by civil war, it achieves through the sustained finesse of its writing an understated vision-in-depth of white



André Brink

society on the edge of the new era, and/or the precipice: its tight webs of personal relationships inexorably loosened and privileged assumptions about art and culture put to the test.

In the foreground the narrative is deceptively limited in incident. Adriaan, a poet who has just published an admired volume, functions equally as central character and witness to the disintegration of the social and political fabric. Episodes of dream and fantasy, elusive yet beautifully precise in patterning, enlarge and enrich the poetic and psychological canvas, all the more so since at its centre there unfolds a disquietingly pertinent examination of the very nature of artistic creativity and the artist's role in a society convulsively undergoing change.

This novel, serious but never stuffy, subtle but never laboured, is, I think, the most impressive to have come out of South Africa for a very long time.

Max Loppert

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Radio Get off my show!

THE FIRST thing you learn as presenter of *Feedback*, the correspondence column of the air on BBC Radio 4, is that radio is woven into the lives of the listeners in a way that television never has been and probably never can be. You have to sit down to watch television, and if someone moves *Wider* from 9.00 to 8.00 pm it may annoy you, but it makes little difference to your life. However, if broadcasters change the running order of the *Today* programme in even the smallest way they interfere with the morning ritual of shave/shower/breakfast or dress/cook/shop.

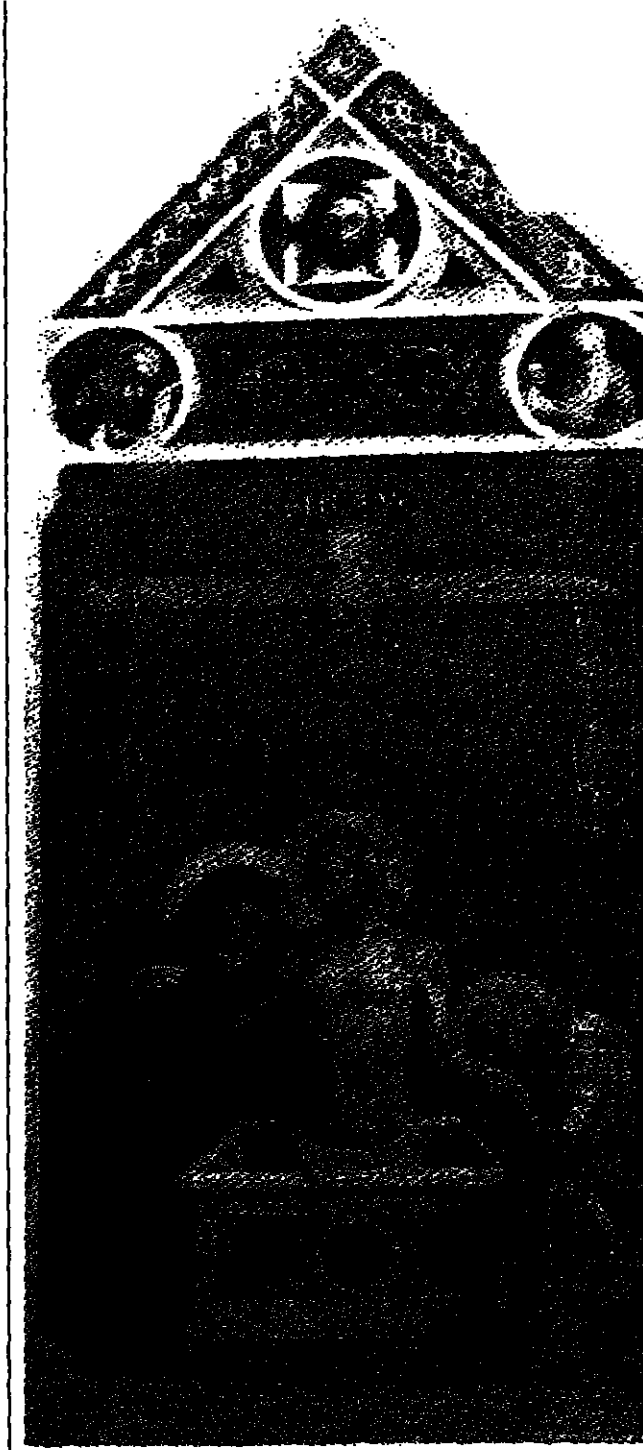
Move *Woman's Hour* from the afternoon to the morning and you play havoc with a woman's daily routine and spoil her coffee break. It is made abundantly clear to the *Feedback* presenter that when radio chiefs do change the schedules, listeners feel as though someone has walked uninvited into their home and rearranged the furniture. They write not in irritation but incandescent with fury asking "Whose radio channel do they think this is?" implying a possessiveness that nobody feels for a television network. It is probably radio's greatest strength.

The second thing you realise is that 99 per cent of people only write when angry. This results in a phenomenon which, early on in the job, I named "Kaleidoscope Syndrome". Radio 4 controller Michael Green decided that instead of running the arts magazine *Kaleidoscope* solely in the evening, he would originate it in the afternoon and give it an evening repeat. From all over the country I was inundated with vituperation.

Get this arts-farley metropolitan rubbish off my radio," snarled one, "while I'm ploughing here outside Dixie I do not want to know what that effete crowd are getting up to in London". The programme was condemned as a botch of homophobia (there had been two vaguely gay items in the first 10 days) and heaped with scorn: what was the point in listening if you could not get to the theatres and galleries reviewed? The letters came from north and south, men and women, young and old, and there were no counterbalancing expressions of welcome. It was clear that *Feedback* had to record this hostile reaction.

Having done so I was cascaded with letters saying "Hold on a moment, we like hearing about the London arts scene here in Aylesbury/Reading/Caswell". It's true we cannot get up to town very often but that is exactly why we need *Kaleidoscope* to keep us abreast of things. Hands off!" Others said there was far too little about gay matters anywhere in the mass media. Such letters eventually outnumbered the hostile variety, yet I doubt if any would have been written had those listeners not been enraged by the initial attack. People who are content with what they hear rarely bother to write, though they may well be in the majority.

Yet listeners — and this is Lesson 3 — tend to believe, as



Masaccio's "Pietà" a fresco painted in 1424 for the Baptistry of the Collegiata at Empoli — taken from the newly-published catalogue raisonné, *Masaccio and Masaccio: A Complete Catalogue* by Paul Joannides (Phaidon Press £95, 488 pages). This superbly illustrated volume covers the total achievement of two of the greatest artists of the early Renaissance; their influence on each other requires that they be considered together. Their best known collaboration was the Brancacci Chapel in Florence.

soon as they hear three or more other people expressing views which endorse their own that "Everyone agrees..." Having heard three letters saying that *Any Questions* is now merely a political dogfight, and should be changed back to the old civilised discourse between intelligent non-political all-rounders, they write to *Feedback* asking "Why oh why does the BBC persist so stubbornly in this idiosyncrasy when they have been told repeatedly that everybody dislikes it?" This was the pattern with the *Woman's Hour* move from afternoon to morning and with the change in *Any Questions* from a letters programme to a phone-in, both of which produced numerous hostile letters.

When I discovered that in both cases the changes had resulted in enlarged audiences and said so, I received sceptical letters asking "Who says the audience is bigger? Who is doing the counting?" and claiming dorkily "I've never met anyone who has been polled by the BBC", as though the writers really believed that the BBC was determined to lower its ratings and then lie about them.

And the favourite *Feedback* topics? This season it has been the plan to use Radio 4's long-wave frequency for a continu-

ous news channel, leaving the familiar mixture (*Letter From America*, *Desert Island Discs*, *Gardener's Question Time*) solely on FM. The proposal is opposed passionately not only by users of portable radios and car drivers all over Britain, who have difficulty getting clear FM signals, but by many in continental Europe who are able to receive Radio 4 only on long wave.

However, in the long term the matters which attract most letters are *The Archers*, the world's longest running soap opera and a series which could easily sustain a weekly correspondence programme on its own (Ruth's howling baby is currently causing the *Feedback* postman's back to bend, with the breast-feeders up in arms about the poor little mite being given a bottle), and English usage. One day I intend offering Radio 4 a series to be called "Less Mistakes In English" sub-titled "A New Criteria: Different To All Previous Series". Only one thing infuriates the English pedant more than a change which has crept into English usage between his childhood and today — and that is hearing it on BBC radio.

Christopher Dunkley

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Verdi: *Don Carlo*. Orchestra and Chorus of Rome Opera House/Gabriele Santini. EMI CMS 7 64642-2 (3 CDs)
Donizetti: *Lucia di Lammermoor*. London Symphony Orchestra, Ambrosian Opera Chorus/Ion Marin. DG 435 369-2 (2 CDs)
Leoncavallo: *Pagliacci*. Philadelphia Orchestra, Westminster Symphonic Choir/Riccardo Muti. Philips 434 131-2

THE BORDER controls are gone and the EC has formed its single market. For many industries the new Europe may mean a culture shock in trade and working methods, but not in the business of classical music - surely the first industry to have created its own single market, transcending all global boundaries.

Those who complain that Maestri will result in a loss of national identity might like to consider what has happened here. Since the war European opera companies have increasingly come to look and sound like each other, a point that has become particularly striking with the influx of Russian companies that still perform the way they always used to. It means

nothing today to come across a recording of an Italian opera in which the total number of Italian principals in the cast is either one (Sony's new *Don Carlo*) or effectively none at all (DG's *Lucia di Lammermoor*).

In these circumstances it is a losing battle to complain that the performances are hazy on matters of style, however high their general quality. The new set of *Don Carlo*, recorded in New York, is in many ways a high quality product. The playing of the Metropolitan Opera Orchestra is exemplary; the version used is the full five acts, with an extra chorus of woodcutters thrown in at the beginning for good measure. The set aims well above the mediocre standard achieved by the previous releases - *Aida* and *Luisa Miller* - in this Verdi series.

Unfortunately the often-cited Act 1, a court hunting-party at Fontainebleau, does not find James Levine, the conductor, at his happiest. French elegance is not really his suit. In essence Levine is an unsty-

lish Verdi conductor, too up-front, too American in his determination to make every minor incident smack the listener on the nose. But this *Don Carlo* stays within reasonable bounds and it powers along with a convincing dramatic energy.

In the title-role it also has an important newcomer. This is the tenor Michael Sylvester, already encountered at Covent Garden, who rises to the challenge here to make a bright, youthful-sounding *Don Carlo* with plenty of ring in the voice, some tightness at the top aside. (Is he perhaps an answer to the question, "What are we going to do when Pavarotti and Domingo have gone?")

In the fearsome role of Eboli, Dolora Zajick sings with the vocal electricity turned up to maximum. Vladimir Chernov as Posa is again Levine's virile Verdian baritone. The disappointments come at either extreme, as Aprile Millo's Elisabeth seems to me only marginally less wobbly than in her previous outings in this series and Ferruccio

Furlanetto's soft-grained bass makes for an excessively weak Philip II. In his confrontation with Samuel Ramey's imposing Grand Inquisitor there is no contest at all. Perhaps it did not help that I had just finished listening to the same scene in EMI's re-issue of its 1955

'Classical music is the first industry to have created its own single market'

Don Carlo under Gabriele Santini. The bass here is Boris Christoff - implacable, granite-faced, truly a ferocious exterior hiding a crumbling heart within, and very moving, too. His halting comment "She loves me no more" at the end of his aria could make grown men weep. For him and Tito Gobbi's well-characterised Posa the set is worth its mid-price. But the rest barely

passes muster. The style is right (no lack of Italian here) but at a mediocre level of achievement. And too much of the opera is simply missing. Record collectors in 1993 will be shocked at how much Santini and his team felt happy to cut in those days - not only the first act (Verdi himself provided for that) but sizeable chunks out of many of the set-pieces. This is one of the great operatic scores and I want to hear as much of it as possible.

For a good example of the current trend in opera recordings one only has to turn to the new set of Donizetti's *Lucia di Lammermoor*. Great voices populate the cast. (The tiny role of Lucia's companion - "What do you say?" - "Why do you look around?" - "Here he comes!" - is taken by a singer who is a notable soloist in her own right.) The orchestral playing is spick-and-span; the recording quality is excellent. But the performance as a whole never makes any special contact with the opera.

In the course of listening to this

DG set I dipped into a live performance from Berlin in the 1950s, led by Maria Callas. Maybe the comparison was unfair, as performances on that level do not come round often, but very soon I found it difficult to tear myself away. The character of poor Lucia and the passions she unleashed came so vividly to life there that one felt compelled to follow the drama through to its conclusion.

On the new recording everything is, by contrast, rather vague. Suffice to say that Cheryl Studer sings the music of the title-role with much beauty of tone and a virtuosity commendable in a soprano with a voice her size. It would have been preferable to have a *Henry Ashton* with more "go" in him than Juan Pons, but Samuel Ramey offers recompense as an unusually lusty *Bride-the-Bent*.

In the crucial tenor role of Edgar, Plácido Domingo is in his finest, barnstorming voice; the conductor Ion Marin displays plenty of energy. But it is symptomatic of the whole

enterprise that they make nothing out of those heartrending sequences in Edgar's dying moments, where Italian tenors of the old school would stretch out the phrases and make the music really sing. That was the true bel canto and it seems a world away.

Finally, a word of welcome - if that is the appropriate term - for the new *Pagliacci*. This Philips set has been given a rough ride elsewhere, mainly on account of Riccardo Muti's determination to rid the score of its traditional extra top notes, although some unattractive singing from Daniela Dessi's squalid Nedda and Paolo Coni's strained Silvio does not help. The recording comes from a live performance in Philadelphia and the singers evidently did not get a second try.

However, as it features Luciano Pavarotti as Canio, many people will consider buying the set and it is worth reassuring them that the tenor is on good form with nothing to fear from having the microphones in front of him at a live concert. So often tenors bawl their way through this music, but Pavarotti never forgets that he is there to sing. The role, in short, is gloriously, eloquently sung. He is our main link with the Italian tenor tradition and we shall miss him when he is gone.

Jazz/Garry Booth

A homage to Miles the muse

So Near So Far Joe Henderson. Verve 517874
What We Do Jon Scofield Quartet. Blue Note 0771 7 98586 2 7
Percussion Bitter Sweet Max Roach. GRP 11222
Dear Old Stockholm John Coltrane GRP 11202

CURIOSLY, tenor saxophonist Joe Henderson does not consider the album which won him the *Down Beat* triple crown of best jazz artist, tenorist and album of the year, as well as a Grammy recently, to be better than anything he has done since his first of many Blue Note dates 30 years ago. So the fact that *So Near So Far*, the follow-up to his Verve debut, took the number one slot on the Billboard charts within days of its release in the US must be a source of some dismay to him.

Where the writing of Billy Strayhorn provided the inspiration for Henderson's succulent improvisation on *Lush Life*, here Miles Davis is the muse and more astringent tunes that span the late, lonely trumpet player's career, the raw material. Davis had the commitment and the "tradition" which enabled him to reach a wider than usual jazz audience, according to Henderson.

That fertile single-mindedness is lacking in a number of Henderson's younger peers, he

feels, and even where the young pretenders stick to originals it seems to Henderson that they aim to get in the way of a good tune. "There are so many beautiful melodies out there to be interpreted which so often are brutalised," he says.

It must be easy for Henderson to be disappointed by the inadequacies of his younger peers - he is one of the most inventive yet restrained tenorists around and the new disc shows him to be at the peak of his ever-mature powers. It helps that the line-up is a mutual appreciation society. Drummer Al Foster was Miles' spiritual intermediary during the great man's hiatus; Briton Dave Holland, a Miles accompanist in the late 1960s, provides densely woven bass lines; and John Scofield, whose alternately angular and blue electric guitar shares the solo work, adds glowing depth in accompaniment. The material, taken from 1947 to 1968, is not the most obvious of Miles' memorabilia but rather an essence which the quartet distills into coolly phrased essential extracts.

The choice of Scofield (borrowed from Blue Note) for this date was inspired, his metallic coloured chords giving cutting contrast to Henderson's deep lacquer. His own new album, *What We Do*, is typically a more arty and muted affair.



Joe Henderson: interpreting a great jazz master

Though the guitarist's regular rhythm section of Dennis Irwin (bass) and Bill Stewart (drums) are a hive of industry, Scofield steadies them with his knotty, understated solos. Tenorist Joe Lovano, light on his feet, buzzes in and out of leader's tunes, widening the narrow openings left for him.

On the reissues front, GRP has just launched its "Legend" Masters of Jazz Series with a cracking 1981 date from Max Roach and another of the same period from John Coltrane. Roach is perhaps less of a

legend than Coltrane in that he is still with us and the truth about his dangerous and exciting leadership is not questioned. On *Percussion Bitter Sweet* he pushes soloists Booker Little (trumpet), Julian Priester (trombone) and Clifford Jordan (tenor sax) to the cliff's edge. From Eric Dolphy's gulping harmonics on bass clarinet to Mal Waldron's piano melodies, Roach thunders gloriously. The validity of Trane's intensity was never questioned and has been much romanticised

since his untimely death in 1967. *Dear Old Stockholm*, which has the tenorist backed by his favourite pianist, McCoy Tyner, and bassist Jimmy Garrison but Roy Haynes deputising for Elvin Jones, provides some prime examples of late Trane work. Restless as ever, and with the insistent pulse of Jones replaced by the spreading rhythm of Haynes, "One Up One Down" sees Coltrane painting his sheets of sound, "After the Rain" suspending the rhythm to sombre and atmospheric effect.

Modern Music/Andrew Clements

Birtwistle gets a better hearing

Birtwistle: *Melencolia I*, *Meridian*, *Ritual Fragment*. Antony Pay, Mary King, London Sinfonietta Voices, London Sinfonietta/Knausson. NMC D002

Maxwell Davies: *Black Pentecost*, *Stone Lullaby*. Della Jones, David Wilson-Johnson. BBC Philharmonic/Davies. Collins Classics 13662

Tippett: *Symphony No. 4*. Faye Robinson. Chicago Symphony/Softi. Decca 433 688-3

Cascken: *Cello Concerto*. Heinrich Schiff, Northern Sinfonia. Collins Classics 20082

Wood: *Piano Concerto*. Joanna MacGregor, BBC Symphony/Davies. Collins Classics 20072

LOWLY BUT surely Harrison Birtwistle is gaining the representation on disc his achievement deserves. Though *The Mask of Orpheus* remains too daunting a challenge for any record company to take on, most of his important scores are now accessible from one label or another; one of the most significant absences, *The Triumph of Time*, is promised soon from Collins Classics, to be coupled with *Gawain's Journey*. The new NMC pairing of *Meridian* and *Melencolia I*, wonderfully performed and recorded, brings into the catalogue two of Birtwistle's most haunting and underrated works of the 1970s, scores that begin the exploration aspects of the highly wrought Orpheus sound world.

Melencolia I is a brooding study in string and wind sonor-

ity, setting a solo clarinet against two string orchestras with a harp to act as pivot and intermediary; a Dürer engraving provides the visual starting point and the progress of the music is slow and remorseless, with sudden passionate flarings.

Meridian, on the other hand, is perhaps the most perfectly achieved and sensuous of all Birtwistle's scores, a ravishing interweaving of settings of Thomas Wyatt and Christopher Logue with instrumental interludes in which solo horn and cello (long-standing Birtwistle protagonists) vie for attention.

Between the two pieces is *Ritual Fragment*, Birtwistle's

harmonic, thoroughly grounded in Maxwell Davies by Edward Downes, its former chief conductor, plays both scores for the composer with impressive strength and tonal resilience.

The main disappointment with Decca's welcome release of *Byzantium*, Michael Tippett's Yeats setting written for Solti and the Chicago orchestra in 1989, is the coupling; dedicated Tippettians will already have the same performance of the Fourth Symphony as part of the set of symphonies put together on CD by Decca three years ago. When several works await up-to-date recordings - the Piano Concerto most significantly of all - a precious opportunity has gone to waste.

For *Byzantium*, alone, though, the disc is worth acquiring, for in this piece Tippett regained the verve and immediacy in his response to a text one feared had been lost for ever in the indulgences of his own libretto for the opera *New Year*. His reaction to Yeats' enchanted imagery is consistently vivid; however flaky the continuity and coherence of the musical structure, the parade of images is compelling. So too is Faye Robinson's performance, with Solti providing typically muscular orchestral support.

The latest in Collins' series of "CD singles" makes two much praised recent concertos speedily available. John Cascken's Cello Concerto, written in 1991 for Heinrich Schiff to play and direct, emerges from this recording a much bigger, more passionate work than it seemed at its first performance, and if anything even more impressive. Its pair of movements is parsed into a sequence of episodes each springing from a single poetic phrase, and the work arcs towards its final section, when Cascken uncovers a rich lyrical vein that extends everything that has gone before.

Hugh Wood's Piano Concerto, a big hit at the Proms in 1991, seems a more tightly integrated, carefully worked score than it did then, centred on the set of variations on Nat King Cole's "Sweet Lorraine" which forms the slow movement and whose source is only revealed towards the close. The rest - the propulsive opening movement, the jazz-inflected finale - offer effective solo writing, without ever hinting at the kind of personal utterance that Cascken's concerto manages so memorably.

Folk and Rock/Michael Horovitz

The new troubadours

THIRTY-FIVE years ago British poets such as Christopher Logue, Adrian Mitchell, Pete Brown and myself started wedding our verses to jazz. A few years later the Beatles and Stones were importing songs by Charles Terry and Bob Dylan and rolling their own. For the preceding half century American blues, folk and rock songwriter-singers had set the pace. When the Woodstock generation and British beats became parents, spoken and sung word-sounds opened up. What had been pigeon-holed as folk, ethnic, R&B and spiritual genres overlapped more loosely with poetry, pop and, latterly, world music.

These (re)volutions have been catalysed by artists, writers and producers of many hues. Dylan has acknowledged

how instrumental the "spontaneous pop prosody" of Jack Kerouac and Allen Ginsberg was in metamorphosing the Midwest-suburban college boy Zimmerman into the wildly free-ranging song-and-dance man he remains.

"Talking New Bob Dylan," a song on the recent album *History* (Virgin 2703) by London Weirwright III, one of Dylan's most original successors, articulates the perennial beginning-troubadour situation: "I had to stop listening/times were too tough/Me being the New Me/was hard enough/You kept

right on changing/like you still always do/And what's best is - the old stuff/still sounds new." *History* sounds newer still, confronting harsh mid-life realities with telling wit and unescapable fortitude.

Another stream of straight-talking lyricism is renewed in the *Stormy Horizons* of C&W populist Hank Wangford, with his resourceful and spirited band. This recording (*Sincere Sounds 004* - cassette £7, CD £11 from Frank Management, 3 Chesterton Road, London W10 5LY), is dedicated to the golden aeon of hillbilly boogie 40 years ago, before the great divide between rock and country was widened through fear, racism and sexual suspicion. The music conveys Wangford's passion for Texan honky-tonk, Tennessee Ernie, the Everly Brothers and the "sweet andness of country harmonies straight from the Kentucky

coalfields." At the same time it twangs in perfect - and frequently comic - tune with current British gloom, as in "End of the Road": "I've had enough/enough of the rain/enough of the cold/I'm tired of the nights/The dazzling lights/when the wipers won't wipe/I've got cowboy craziness/burning inside but I'm out of pills...I could be warm flying in your arms/So why am I here/with another flat beer/I want to go home."

After temping as a clerk in the City of London, John Baine felt that the stage-name Attila the Stockbroker would be in keeping with his avowed contract from the muses: "to liquidate the gaggle of grey lug-worms and displaced Martians who have held the UK poetry set-up in thrall for yonks requirning the same old nepotistical pretentious irrelevant gunk."

Having spent a few years in punk and heavy-metal bands he was no more sanguine about the pop scene, feeling in 1981 that "rock has become largely redundant as a means of communication because the generally inane volume means you can't hear the words."

Since then he has issued a dozen lucidly phrased albums and cassettes, the best of which perpetuate his energy, humour and improvisational verve as a performance poet, singer and electric mandolin virtuoso. *Donkey's Years* (Musicdisc 107891, cassette & LP £6, CD £10 from ATS, 6 Colebrook Road, Southwick, BN4 4AL), gathers 13 of his latest hits, notably "Video Nazis", "This is Free Europe", "The Bible according to Rupert" and this ultra-contemporary lover's complaint: "Today I took out the rubbish/and thought of you/At the bottom of my dust-

bin/the maggots wriggled round and round/like planes circling over Heathrow Airport/Now and then two larval aviators collided in the crowded, circular, putrescent grooves of metal/and I thought yes, this is us - /not even ships that pass in the night/but maggots wriggling in predator-dustbin/of the enterprise culture."

Paul Weller, like Attila, is 34, but had formed The Jam at 14 and swiftly built it into one of the most rhythmic, soulful and humanly political beat groups in the world for the entire decade.

He goes on being one of the only big pop stars to pen hard-edged straight verse as well as music. His recent recording, *Paul Weller* (Go! Discs 898 343-1), is, rather surprisingly, his first solo album. It intensifies my sense of him as a more melodic, inventive and poetic guitarist, tunesmith and lyricist, especially of love songs, to keep on trucking than anyone since Dylan and the Beatles - with the possible exceptions of Peter Gabriel and Billy Bragg.

Tumbleweeds roll again

NOT VERY many years ago Easter regularly heralded one of the oddest music events of London's musical calendar, the Wembley Country Music Festival. For a weekend the North Circular would sprout signs directing the faithful to the Wembley Arena where a gaggle of country stars would parade in front of an audience dressed (in spirit if not actually) in Marlboro man outfits.

Such an image of country music is offered by Slim Whitman, who regularly toured the UK in the 1980s performing watered-down versions of his

1950s hits. All these and more are available on the double CD *50 Original Tracks* (EMI 0777 7 8007824). Just how tangential to modern sense of country music they can be judged from the titles: "Rose Marie", "Tumbling Tumbleweeds" and "I'll Take You Home Kathleen". In short, romantic balladeering.

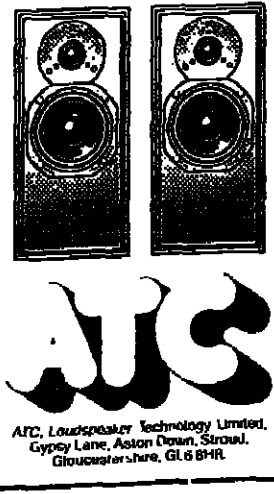
Wembley has been discontinued for a few years. When it returns this September, it will do so to a radically different world. Two things have happened to country music: it has become hugely successful in America (where it currently represents 16 per cent of the US market by retail value) and it has rediscovered its past.

This history is the subject of three welcome histories of the genre put out by EMI, *Capitol Classics*, by Sony, *Columbia Country Classics* and by Kenwood, *The History of Country Music*. All are five-strong sets organised by decades. Accordingly each of the Capitol set (which confusingly is numbered GDP 96841, 96834, 97541, 9752, 97555) the Sony set (468119-4681123) and the Kenwood double CDs (KNEWCD715-723) cover the 1940s to the 1980s. History being what it is the latest sets in each series are the most dubious.

Phil Hardy

All Simon, no rattle.

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The Weekend FT Record Page is published on the second Saturday of each month.

If it's in - it's in. For more information about advertising on this page. Please call James Burton on 071-873 4677

TELEVISION

BBC1

7.00 Ceejay Pages, 7.25 News, 7.30 Penny Crayon, 7.40 Wot Bang, 7.50 LRP Site, 8.15 Eggs 'n' Baking, 8.40 Tom and Jerry: Greatest Hits, 9.00 Going Live!

12.15 Weather.

12.15 Grandstand. Introduced by Bob Wilson, including 12.30 Football: Preview of the Easter weekend Premier League fixtures, 12.45 Goals Masters. Conclusion of the second round from August. 1.00 News. 1.05 Racing from Haydock Park: The 1.10 Cheedie Hulme Conditions Stakes, 1.20 Motor Racing: The European Grand Prix from Donington Park. 2.05 Racing: The 2.10 Field Marshall Stakes, 2.15 Ice Hockey: Whitley Bay v Cardiff in the British League play-offs. 2.35 Racing: The 2.40 Seashell Stakes. Further coverage, 2.55 Rugby Union: Live coverage of Leicester v Northampton in the Pilkington Cup semi-final and news of the quarter-final v Wasps match. 4.40 Final Score.

5.15 News.

5.25 Regional News and Sport.

5.35 Jim's Fix It.

5.40 You Rang, M'Lord? Comedy, with Donald Hewlett and John Hensley.

7.00 Film: Raiders of the Lost Ark. Harrison Ford stars as archaeologist Indiana Jones in the first of the trilogy of blockbusters. Our whip-wielding hero braves snake-pits, desert and the high-seas to prevent the Ark of the Covenant falling into the hands of the Nazis. Directed by Steven Spielberg. (1981).

8.50 News and Sport.

9.10 Westbeach. First episode of a ten-part glossy soap opera about the financial and sexual activities of two families in the fictional seaside town of Westbeach. Drama created by Tony Marchant, starring Oliver Cotton, Deborah Grant and David Horowitz. Another stroll along Howard's Way?

10.00 Birds of a Feather. A repeat episode of the Essex girl sitcom. Starring Pauline Quirke and Linda Robson.

10.30 Match of the Day. Highlights from today's Premier League games. Beyond the Shadows. John Humphrys talks to Cardinal Cahal Daly.

11.30 Film: J Edgar Hoover. Treat Williams stars in this biopic of the founder of the FBI which has been overtaken by recent revelations about Hoover's drinking and his sex life. (TVM 1987).

1.35 Weather.

1.40 Close.

BBC2

8.50 Film, Blockheads, 9.00 Film: Grand Prix.

12.35 Aspen, Colorado. Frederick Wiseman's light-hearted documentary looking at the exclusive American ski resort where the rich and famous gather.

3.00 Film: Ride 'em, Cowboy. Western musical comedy, starring Bud Abbott and Lou Costello as a couple of hot dog vendors who find themselves working on an Arizona ranch. With Anne Geyne (1942).

4.25 The Sky at Night. Patrick Moore examines the joint Cambridge University and Harvard College project to set up a telescope in Chile. Shows live coverage on BBC1.

4.45 Howard Hawks 1949 classic western about a rancher finds himself in conflict with the young man he brought up. Starring James Arness (Aristo) (John Wayne) and Bruce Bowler (for Montgomery Clift). (1949).

6.15 Late Again. Highlights from last week's editions of The Late Show, News and Sport. Weather.

6.45 The Official History of Hall. Completion of TV's worst moments from politicians stomping out of interviews to presenters left embarrassed on live TV. Top executives, producers and celebrities recall their most humiliating blunders, including highlights from The Bopras, Churchill's People and Triangle.

7.55 Painted Ladies. Former political detainee Sheila Cassidy and critic Margaret Bowker investigate how artists portray the reality of Christ's death, given his audience's expectation of imminent resurrection.

8.10 Bookmark. In part two of the profile looking at the elusive poet's life, Larkin's friends and colleagues tell of his many passionate affairs with women. Since his death, Larkin's reputation has suffered, and now a biography has been published which reveals aspects of his life he preferred to keep hidden. But have these intimate details demeaned the quality of his poetry?

9.00 Golf: US Masters. Steve Rider introduces live coverage of the third round from Augusta, Georgia.

11.00 Film: The Big Easy. Stylish crime thriller, starring Dennis Quaid as a corrupt detective at odds with a zealous new Assistant District Attorney (Ellen Barkin). Co-starring Ned Beatty and John Goodman. Directed by Jim McBride. (1987).

12.45 Close.

LWT

8.50 GMTV, 9.25 What's Up Do? 11.30 The ITV Chart Show, 12.30 pm Spelling.

1.00 ITN News: Weather.

1.05 London Today: Weather.

1.10 Movies, Movies, Movies. A preview of Steve Martin's offbeat comedy, Leap of Faith. Video releases include City of Joy, a drama set in India, starring Pauline Collins and Patrick Stewart.

1.40 Winnie the Pooh and a Day for Eeyore. Animated adventures.

2.10 Rugby World Cup. Seven. ITV hypes its little bit of rugby lion. Gavin Hastings, the British Lions captain, and Will Carling, the England captain, preview next week's competition at Murrayfield - in which neither of them will play.

3.10 Rugby World Cup 1991. Highlights from the competition - which ITV covered, and rather well.

4.40 ITN News and Resurrection. Weather.

5.00 London Tonight and Sport: Weather.

5.15 Baywatch.

6.10 Beedle's About.

6.55 Film: Jaws 3-D. A huge man-eating shark terrorises a Florida resort when its baby offspring is captured. Dennis Quaid stars as the local police officer who tries to stop the monster as it devours hapless holidaymakers. It also stars Simon MacCorkindale and Louis Gossett Jr and a 3-D film which will look flat on TV (1983).

8.40 ITN News: Weather.

8.55 London Weather.

9.00 Film: Will. Henry Will is a college lecturer who dreams of murdering his wife - and becomes a prime suspect when she disappears. Black comedy, starring Griff Rhys Jones, Mel Smith, Diana Quick and Alison Steadman (1988).

10.40 The Big Fight - Live! Nicky Piper v Carl Williams. Westminster Piper, who pushed Nigel Benn to the limit in their recent world title bout, fights Gennaro from Paraguay.

11.25 Miller and Mueller. The duo investigate when the body of a college student disappears from the morgue.

12.25 The Big E.

1.35 Get Stuffed: ITN News Headlines.

1.30 The 50th Annual Golden Globe Awards: ITN News Headlines.

3.00 Basketball.

3.05 Rock Sport.

4.25 BPM: Night Shift.

CHANNEL4

6.00 Early Morning, 10.00 Trans World Sport, 11.00 Gazette, 12.00 Italy, 12.00 Say On: Deal World, 12.30 pm Blytheshan Kabra and Zulu Huggins.

1.00 Film: Seven Hills of Rome. Romantic musical starring Mano Lanza as a singing star who leaves New York for Rome after quarrelling with his fiancée. (1958).

2.55 Zeno and Easter. Plasticine animation.

3.05 Racing from Kempton Park. Coverage of the 3.15 Queen Elizabeth Handicap Stakes, 3.45 Bonusprint Masaka Stakes, 4.15 Chatsworth Rated Stakes and the 4.45 Bonusprint Easter Stakes.

4.50 TV Stations of the Cross. A look at Christ's trial and crucifixion, which artists have portrayed with images of unprecedented violence, exemplified by the Isenheim altarpiece in Colmar, Alsace.

5.10 1945: The British edition, 6.35 Footfall Italia. Highlights of the showdown between AC Milan and their only rivals for the Italian title, neighbours Inter.

7.30 Archbishop at Easter. Archbishop of Canterbury George Carey discusses Christian pilgrimage and the message of Easter.

8.00 The Boomerang Kids. A report on the work of the Airline-based Teenage Refuge which, following the government's unsuccessful attempts to force homeless children back to their parents, supports families whose offspring have left home to live on the streets.

2.45 A to Z: Letters from the Homeless.

9.00 The Beiderbecke Affair. Part two of another repeat showing for Alan Plater's delicious comedy about two school teachers caught up in a strange conspiracy. Starring James Bolam and Barbara Flynn.

10.00 Saturday Zoo. Jonathan Ross introduces more music and chat.

11.00 Ready Steady Go! Oldies. Redding Special. Repeat of the soul singer's only live British TV appearance.

11.35 Farewell, Good Brothers. A portrait of people who, back in the 1950s, claimed to have had close encounters with UFOs. The film looks at their role in pioneering the UFO mythology and their political and religious motivations.

1.00 Evening Shade. Pilot episode. Wood Newton's encounter with a stripper endangers his wife's bid to be Attorney General. Starring Burt Reynolds and Marli Harejan.

2.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

ANGLO: 12.30 Movies, Movies, Movies, 1.05 Anglia News, 1.10 Carlton News, 1.20 Westing, 5.00 Anglia News and Sport, 5.55 Local Weather, 11.25 Deadline, (1989).

CENTRAL: 12.30 Movies, Movies, Movies, 1.05 Central News, 1.10 Nigel Mansell's IndyCar '93, 5.00 Central News, 5.05 The Central Match - Goals Extra, 11.25 Deadline, (1989).

CHANNEL 4: 12.30 Movies, Movies, Movies, 1.05 Channel 4 News, 1.10 Nigel Mansell's IndyCar '93, 5.00 Channel 4 News, 5.05 The Channel 4 Match - Goals Extra, 11.25 Deadline, (1989).

GRAMP: 12.30 Movies, Movies, Movies, 1.05 Grampian News, 1.10 Nigel Mansell's IndyCar '93, 5.00 Grampian News, 5.05 The Grampian Match - Goals Extra, 11.25 Deadline, (1989).

ITV: 12.30 Movies, Movies, Movies, 1.05 ITV News, 1.10 Nigel Mansell's IndyCar '93, 5.00 ITV News and Sport, 5.05 ITV Weather, 11.25 Deadline, (1989).

ITV Wales as ITV except: No variations.

MIRACLES: 12.30 Movies, Movies, Movies, 1.05 Meridian News, 1.10 Nigel Mansell's IndyCar '93, 5.00 Meridian News, 5.05 Meridian News, 5.05 Saturday Sport, 11.25 Deadline, (1989).

SCOTLAND: 12.30 Movies, Movies, Movies, 1.05 Scotland Today, 1.10 Captain Planet, 1.40 Spelling Out, 5.00 Scotland Today, 5.05 The Scot. 5.05 Scotland Today, 5.05 Coach, 5.55 Scotland Today, 11.25 Deadline, (1989).

TYNE: 12.30 Movies, Movies, Movies, 1.05 Tyne News, 1.10 The A-Team, 2.05 Daily Duck, 5.00 Tyne News, 5.05 The Tyne, 11.25 The Tyne News, 11.25 The Tyne, (1977).

WILTSHIRE: 12.30 Movies, Movies, Movies, 1.05 Wiltshire News, 1.10 The A-Team, 2.05 Daily Duck, 5.00 Wiltshire News, 5.05 The Wiltshire, 11.25 The Wiltshire, (1989).

WILTSHIRE: 12.30 Movies, Movies, Movies, 1.05 Wiltshire News, 1.10 The A-Team, 2.05 Daily Duck, 5.00 Wiltshire News, 5.05 The Wiltshire, 11.25 The Wiltshire, (1989).

WILTSHIRE: 12.30 Movies, Movies, Movies, 1.05 Wiltshire News, 1.10 The A-Team, 2.05 Daily Duck, 5.00 Wiltshire News, 5.05 The Wiltshire, 11.25 The Wiltshire, (1989).

CHESS

AS THE growing world title controversy makes London sponsors nervous, Nigel Short has just finished last of 12 at Monaco. Admittedly it was a strange format where each player met the others at rapid chess then at blindfold, without sight of the pieces, but there was 257,000 prize money, and top GMs like to win whatever the conditions.

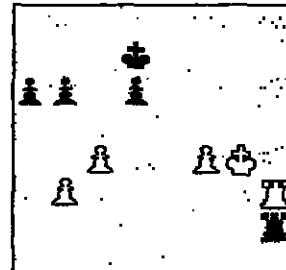
Judit Polgar, the 16-year-old wunderkind, led at half-way with dazzling play including 2-0 against both Anatoly Karpov and Short. Anand, the world no 3, and Ivanchuk, the no 4, stopped her in the closing rounds, but Gary Kasparov may have to eat his claim that Judit will never challenge for the world title. Scores were Ljubojevic 14/22, Anand 14, Karpov 13/14, Ivanchuk 12/14, Polgar 12, and Short a dismal 6. Organisers said he seemed preoccupied.

Meanwhile, the London Chess Group, whose £2m bid with support from the BBC and the Corporation of London has been cold-shouldered while Kasparov and Short negotiate exclusively for The Times's £1.7m, said it will abort its offer unless K and S restart meaningful talks by this weekend. LCG cited the match's doubtful status following its rejection by Fide and the opposition of most grandmasters, officials and writers.

Certainly the match is tarnished, and Short has lost his image as a blend of Adrian Mole and Eddie the Eagle who actually wins. His failure in Monaco emphasises that, ranked world no 11, his legitimacy as challenger derives solely from the official Fide cycle.

There are claims that The Times is getting cold feet about its investment and is trying to offload some of the cost on to Manchester, victim of the original coup, or to lure away some of the LCG consortium.

Chess No 969



R. Stone v I. Ivanov, US Open 1992. Does Black (to play) win, lose or draw if he trades rooks? Solution Page XX

Leonard Barden

BRIDGE

Today's hand comes from rubber bridge. See what happened in Simple Addition:

N
S
W
E
10 5 2
K J 8 5
Q J 10
A 9 3

4 J 4
2
6 5 4 3
Q 8 6 5 4 2

8 3
A Q 10 9 6
K 8 7
J 7

With East-West vulnerable South dealt and bid one heart. North raised to three. East bid three spades. South ended the auction with four hearts.

West started off with the spade knave. East overtook with the queen and carried on with ace and king. The declarer ruffed the third round with the heart nine, on which West dropped the two of clubs. When trumps were drawn with

king, queen, and ace, West showed out on the second round, discarding another club. Declarer switched to the seven of diamonds, which ran to 10 and ace, and East exited with another diamond to the king. On the queen of diamonds, both opponents followed suit. Declarer cashed the ace of clubs, and continued with the three, intending to finesse his knave. East showed out, and that was that - one down.

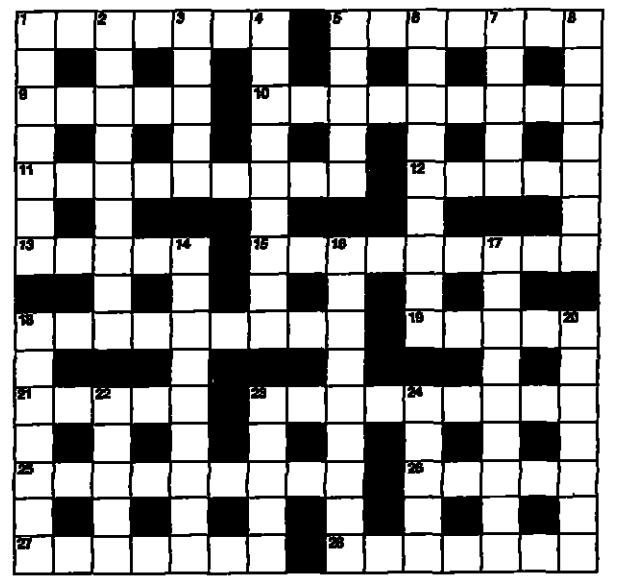
The declarer did not do his sums. Can he do better. When we make dummy's diamond queen at the ninth trick, we do some counting. East is marked with six spades, three hearts, and three diamonds. There is only one chance of making the contract - that East holds a singleton club, and that the singleton is the queen or the 10. We cross to our club king, happy to see the 10 drop from our right hand opponent, lead the seven and finesse the nine, confident that it will hold.

E P C Cotter

CROSSWORD

No. 8,123 Set by DINMUTZ

A prize of a classic Pelikan Souvenir 600 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of 235 Pelikan vouchers. Solutions by Wednesday April 21, marked Crossword 8,123 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 24.



Name: Address:

ACROSS
1, 9, 12 The warbler's shift, according to James? (3,4,2,3,5)
5 How 'old lady', a colourful character with a brush? (7)
9 See 1 across
10 Unromantic recital is broadcast (8)
11 Sensational story of Lisa, under repair (9)
12 See 1 across
13 Factory set out (5)
15 In a billy - tea, we hear, has want of sufficient strength (6)
16 Father, Edward or priest? (9)
17 Girl's unusual issue (5)
18 Some Beatles can provide title of opera (6)
19 Gilbert Maurice, the entertainer (9)
25 Pickpocket society's intransigent (7-8)
26 Heroic times welcome (5)
27 Complete kit awaiting delivery? (7)
28 Suffering of chaps in the wrong? (7)

DOWN
1 Baggage at writer out east (7)
2 Accommodate National Trust in Aintree, possibly? (9)
3 At university, finish with tip (5)
4 Their charges tend to rise, given training (8)
5 Posh in pot (6)
6 Easy berth here? (6)
7 Hinder chap leaving cleansing-agent (5)
8 Leading style of vaulted passage (7)
14 The earth all over the heater (8)
16 Understanding harmony? (9)
17 Urge on one opening after this month (6)
18 Subject of Cronin's strange dialect (7)
20 English composer on the way to becoming pariah (5)
22 Musical peep, say, in a kind of sense? (9)

SOLUTION and winners of Puzzle No. 8,112

SYNOPSIS: VIKING
P A R A D I S E
L I O N I M A G I C
K S C A S E N P
E V E N I N G S D O Z E
S O A I T E C
U P A T I O N
L O P H E N B I R D
P E R O R H
H I G H S T E E T A N K
U A A H W S T U
R E F E C T I O N I T I A D
I E Y A T R E L I
G R E E D G A R D E N S
2 Wright, London N8; T. Cox, Woking, Surrey; J. Crosbie, Grants House, Berwickshire; H. Jolley, Glynnade, Athens, Greece; E. Crowther, Bramhall, Cheshire; Mrs L. Taylor, Upminster, Essex.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon, 8.05 Brian Matthews, 9.00 Saturday Night Theatre, 12.00 Gyles Brandstetter, 1.00 Up the Pole, 1.30 The News, 1.40 The News, 2.00 The News, 2.30 The News, 3.00 The News, 3.30 The News, 4.00 The News, 4.30 The News, 5.00 The News, 5.30 The News, 6.00 The News, 6.30 The News, 7.00 The News, 7.30 The News, 8.00 The News, 8.30 The News, 9.00 The News, 9.30 The News, 10.00 The News, 10.30 The News, 11.00 The News, 11.30 The News, 12.00 The News, 12.30 The News, 1.00 The News, 1.30 The News, 1.40 The News, 1.50 The News, 2.00 The News, 2.30 The News, 2.40 The News, 2.50 The News, 3.00 The News, 3.30 The News, 3.40 The News, 3.50 The News, 4.00 The News, 4.30 The News, 4.40 The News, 4.50 The News, 5.00 The News, 5.30 The News, 5.40 The News, 5.50 The News, 6.00 The News, 6.30 The News, 6.40 The News, 6.50 The News, 7.00 The News, 7.30 The News, 7.40 The News, 7.50 The News, 8.00 The News, 8.30 The News, 8.40 The News, 8.50 The News, 9.00 The News, 9.30 The News, 9.40 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HAIL TO the Chief!
A fine American sentiment, showing appropriate reverence to their head of state, whoever it happens to be.

It sounds much odder on British lips. But that is where it has been over the past few days, following President Bill Clinton's message to the Rector of Warrington. The British media gave effusive coverage to his statement of apparent sympathy to the victims of the IRA's Warrington bombings. It even supplanted from the tabloids' front pages the Princess of Wales' attempts to console the parents of the murdered children.

There are three reasons why Britain's opinion formers have become so carried enthusiastic.

First, he had the wisdom to make

What the President did not say

Bill Clinton sent his Warrington letter to Dominic Lawson who read it carefully

sure his deeply personal message got into our hands before those of the people of Warrington. My copy of the telegram was headed "Attention News Editors: Following is the text of a message from President Clinton to the Rev Canon J O Collins, Rector of Warrington, Cheshire. Dear Reverend Collins..."

The second reason for our enthusiasm is Britain's strange attitude to the US. We like to sneer about Americans but when their country shows any recognition of us - such as awarding a British actress an Oscar - we curl up like a spaniel having its tummy tickled.

The third reason is peculiar to

President Clinton, and his reputation. During the election campaign he appeared to be sympathetic to the aims of the Sinn Féin. He stated that he, unlike his predecessor, would be happy to give entry visas to IRA spokesmen, such as Gerry Adams, to make propaganda tours of the US. He indicated that he would send a "peace envoy" to Northern Ireland, with the clear implication that the US wished to impose its own policies in the area.

Now we all throw our caps into the air because Clinton has denounced the IRA. But has he? I have read the letter carefully: after all he sent it to me, too. I can find

no mention of the IRA. Not one.

"The recent wave of terrorist violence" is condemned, which could be said to refer to the IRA, but equally it could refer to the recent murders of Catholics in Northern Ireland. Later, Clinton shows his true colours: "The American people join the people of Ireland and the United Kingdom in expressing their sympathy to those touched by these outrages, in believing that violence from whatever quarter can never be justified."

In other words, even in a message to the people of Warrington, the president of the US can not bring himself to single out the IRA,

the perpetrators of the terror in question, for special condemnation.

We should not be surprised by this. Clinton still has Irish constituency at home to think of. And his main purpose, like that of many politicians in this whole ghastly episode, is to show clearly, and to state openly and categorically, that he is and always has been opposed to the murder of children. It is a brave stand, and could lose Clinton the votes of child murderers, but politics is about taking the things that people do not want to hear.

Should I be so cynical? We are told that the President was so

moved that he shouted out of the Oval Office his speech writers, and actually sat down and composed his letter all by himself. Having read and re-read the text (in my vain search for the three letters IRA) I have concluded that Clinton should not let go of his speech-writers' hands in future. His own tongue is forked, and he needs expert assistance to straighten it out, before speaking.

I have one other suggestion: that the next time a member of the Royal Ulster Constabulary is murdered by the IRA, unless we hear similar effusions of sympathy from Clinton, and from leading Irish politicians, we should instruct our ambassadors in Washington and Dublin to deliver a personal message of our own. It would say simply: you lot are stinking hypocrites.

Dominic Lawson is editor of The Spectator.

The nation weeps

Michael Thompson-Noel



I ALMOST didn't watch last Saturday's Grand National steeplechase at Aintree racecourse, what with the cruelty angle - the propensity of all racing over jumps to smash and batter the animals.

The unintelligent, which includes everyone associated with jumps racing - owners, breeders, trainers, jockeys, stable staff, officials, Jockey Club, vets, farriers, horsebox drivers, bookmakers, sponsors, newspaper hacks, TV commentators, paying customers and the man who holds the gun ready to shoot the horses that are damaged beyond repair - have an excuse for watching the Grand National. Their unintelligence.

In the end, though, I relented. I skimmed the form-guide hurriedly, scuttled to the betting shop, placed £20 worth of bets, scuttled indoors again and turned on the BBC. I am glad that I did so because, as everyone now knows, last Saturday's Grand National produced the biggest cock-up - a spectacular British cock-up - in the history of professional sport.

I laughed until the tears ran. I haven't felt so uplifted since the fall of Saigon. I loved every minute of it, especially the way that the BBC anchorman - Des or Les or something: the one who stares out at us as though he personally owns the TV rights to all major sports events - slipped deeper and deeper into the vocabulary of petulance as the magnitude of the fiasco impressed

HAWKS & HANDSAWS

itself upon him.

At one level, Saturday's cock-up, which provoked a gale of worldwide mockery, ought to prove a morale-booster for the animal rights and anti-cruelty protesters. As they are doubtless aware, the fiasco has played into their hands by spotlighting the rotten foundations with which the Grand National, an anachronistic hold-over from the 19th century, is underpinned.

The protesters have got the toffs who rule and run racing firmly in their sights. But they must squeeze the trigger carefully. They must woo public opinion by concentrating on the hundreds of racehorses (no-one knows how many) that die prematurely as a result of injury at the racecourse.

Much more importantly, the cock-up supports my belief, advanced two weeks ago, that the events of recent months - above all, the recession - have exposed our institutions to such ferocious scrutiny that life in Britain will never be the same again. It may not get much better. But I believe it will be different.

Take the Grand National, which is an institution of a sort. It is probably the world's most famous horserace. But it is really made of cardboard. If you watched TV last Saturday you will have noticed, in the background, a succession of ash-faced toffs, resplendent in trench-coats, hatted and binocular-wielding, marching backwards and forwards, deeply and bitterly ashamed of the fiasco they had caused - but powerless to halt the crashing juggernaut.

Naturally, the spin-doctors at the Jockey Club and the hapless managers of Aintree racecourse are trying to put a constructive gloss on things. And there will be a vicious competition to pass the blame.

But they won't fool anyone - not when the BBC broadcast is flashing, at the speed of light (6 trillion miles per year), out into the galaxy, so that all those extraterrestrials who live near far-flung stars will eventually enjoy the spectacle we enjoyed last Saturday. "Great show from Earth tonight," says a four-headed version of Des or Les. "The 1993 Grand National from Aintree, England, on planet Earth. Make sure you stay tuned. It's out of this world."

So far, the only major British institution to have undergone at least minor reform is the monarchy, at whose apex Queen Elizabeth II, that well-known racehorse owner, has graciously consented to pay a dollop of income tax. But the House of Windsor has lost its mystique. With luck, the monarchy will be modernised further, and greatly cut back.

I have no religious beliefs whatsoever. But I do have an Easter message, which goes like this: do not cast yourselves down, or weep and rend your clothes; reform is in the air; the recession is lifting, at least momentarily; things will get slightly better before they get far worse; our institutions are teetering.

If you enjoyed the Grand National, you will love what is to come.

Interview

The woman who built the Umbrella

BRITAIN'S Dance Umbrella is the world's largest and longest-running festival of modern dance. Audiences go to see new kinds of physically, and a presentation of the human body that is more "democratic" or less stylised than that of ballet or other dance traditions. Pointe shoes are almost never seen, Doc Martens and bare feet often. Few of the Umbrella's dances tell stories, and not many respond to music. Virtuoso technique is rarely the point.

An average Umbrella will include mixed-media dance theatre, minimalist dance, dance improvisation, multicultural dance, dance inspired by clubs or street dance or just by everyday pedestrian movement. Plenty of it will make a marked effect out of its treatments of women (and, maybe, men): some of it will make other conceptual points; most of it will provoke widely differing reactions.

The Umbrella occurs mainly in small auditoria: Riverside Studios, the Queen Elizabeth Hall, the Place, the ICA Theatre, and more. Yes, this is the fringe - but, since the festival began in 1978, its influence has percolated through the British arts. Umbrella choreographers have gone on to work for the Royal Ballet, the RSC, the National Theatre, the Royal Opera and English National Opera, and for comparable companies abroad. There is still controversy - where there once were complaints about "juristic fringe" experimentation, now there are groans about "the lack of the new" - but the Umbrella has become a valuable part of the British dance firmament.

One woman, Val Bourne, has directed the Umbrella since 1978. She has seen the whole emergence of modern dance in Britain. She was at the Royal Ballet School in the 1950s, danced with Sadler's Wells Opera for three years, and, after a spell of other work, came back to dance as a publicist.

"The company I worked for presented Martha Graham in her seasons here" - these were Graham's mid-1960s seasons that so impressed the British. "And Twyla Tharp, when she was very new and radical and walked across the stage and dropped an egg. I was very bemused by that."

"But I really wasn't used to modern dance then. And I remember seeing Merce Cunningham, whose work I brought here last year in the Umbrella, and thinking then that it was awful. Last year, when he and his company appeared for the first time in Northampton, many people in the audience reacted just as I had in the '60s - and I realised again that it just takes time for people to get used to new dance. It wasn't until the '70s that the penny

Alastair Macaulay talks to Val Bourne, artistic director of Dance Umbrella

dropped for me and I started to love Merce's work."

Meanwhile Bourne became press officer to Ballet Rambert just at the time it changed identity, and became a modern-dance company.

"Martha Graham, Twyla Tharp, and the Rambert really were my first taste of modern dance. It was really the Rambert, with which I worked for eight years, that fired me. I did become very enthusiastic about the modern-dance works the company took in then, and I was enthused by the people. These were the first intelligent dancers I had met! The people who had stayed with Rambert had had a very clear choice. They could have taken ballet jobs elsewhere; but they'd chosen to stay and do new ways of moving."

"The first Umbrella was to have been just a one-off. I was then working for Greater London Arts, and someone who'd been to New York and seen all the new dance in an Umbrella season there, came back and suggested 'Why don't we do that here?' So I planned a festival that would present just about everything then making dance on the London fringe. As it happened, the ICA had organised a season of the leading New York post-modern dance choreographers for the same time, so we brought that in too. Anyway, the season was successful enough for people to want another. Since 1980, it's become an annual festival."

It is debatable whether much of the fare presented under Dance Umbrella is dance. Plenty of it involves speaking, some could belong as part of the London Mime Festival, much of it is multi-media. Is this a problem for Bourne?

"No, definition is not a big issue for me really. There are parameters - cases where you think people can't or won't make dances. In one case, a choreographer was to have made a dance piece for us. Only when it came to doing the publicity did we realise that it was basically intended as a play. But if it's on the cusp, I'm fine about that."

"In general, labels frighten me. They talk of post-post-modern dance now! But let's put it the other way: I wouldn't want to be mainstream."

"I was watching Kurosawa's film *Ran* - and the way it shows these armies moving across the screen is choreography. Well, if I could have *Ran* in the Umbrella, I would."

I am curious about her own dance training, which was in the mainstream: i.e. ballet.

"I began dancing in Calcutta. My best friend, Veronica, who later married the conductor Alexander Gibson, took ballet classes there, and I decided to do the same. I was 11 or 12, and we were taught by a Russian woman who had more passion than teaching ability - she had us do virtuosic steps like *fouetté* turns very early on, I remember."

Why Calcutta? "I was born just before the War, in Burma. My father was in shipping. When we came to England, I went on studying ballet - and Greek dance."

"I was a serious child, and I was bright, and my parents weren't too keen on the importance I gave to ballet. Going to the Royal Ballet School was a big shock. It was like going into the army. You really were a student there, and very regimented. My two years there were very interesting because I'd been brought up in the Calvinist tradition that if you worked hard enough, you'd get where you wanted. But at the School I suddenly realised that there was another element: talent. I was never going to be anything better than a swan or a will all my life. I had a friend, who was lazy but talented. I'd watch her, and I'd just realise that I could kill myself with hard work but she could dance me off the stage. That was a very hard lesson to learn."

Is it possible that Bourne's subsequent interest in modern and fringe dance has been some sublimation of her awareness that she would not make it as a ballerina?

"I don't know. To be honest, there wasn't anything else then, there was a huge vacuum. People often ask 'Don't you take classes for pleasure now?' But the answer has always been 'No'. Ballet classes for me were a means to an end."

"When Rambert became a modern-dance company, we found that the lovely ballet audience came for the first year and didn't come back. So we had to find new viewers. We toured a lot to towns with university audiences - Warwick, Oxford, Exeter, Southampton - and we decided that the most positive way was with young people who had as yet no preconceived ideas about what dance was. And we did attract young audiences; they did enjoy it."

"For the first years of the Umbrella, we also attracted people mainly between the ages of 18 and 25. But we've just received the results of our latest survey, which says that our audiences now are mainly between 25 and 40. That's very interesting, but it's also quite a shock."

"Students aren't coming the way they used to. That may be because

they can't afford to; but today's students are also more conservative. Just look at the way they dress; they don't espouse causes any more; they want to know 'If I don't like it, can I get my money back?'"

And funding?

"In 1978, we funded the whole festival on \$5,000 from the Arts Council, plus a similar sum from GLAA, which also then paid my salary, the postage, and so on. On that we managed to present 12 companies and four soloists. Today we have a core fund from the Arts Council of £148,000, on top of which we need to raise a further \$200,000. Well, this year the Umbrella has received the Prudential Award for the Arts, which is £100,000."

How does the Umbrella present itself to the uninformed?

A lady from IBM recently pointed out to us 'Most people haven't a clue what to come to. People need to be directed.' That's true, I realise. A boyfriend who educated me in American literature used to say 'You've dealt with Hemingway, now deal with Faulkner.' So we

should offer a No 2 route to the Umbrella, as in mountain climbing or skiing - to say 'You've done the blue route, now try the yellow route.'

"I still don't regard Merce Cunningham as a warm bath. And that goes for any of what the Umbrella presents. I still have to pay attention to it. In fact, that's some kind of definition for what we present. I've seen choreography in New York, and here too, that is very well made - but unchallenging. The Umbrella should present work that is stimulating. If it's challenging, then I'm interested and rewarded."

"We're freer now to choose what we want to present, and travelling to look for new work is a large part of what I do. There are festivals here and abroad that I attend, and I visit New York once a year or more. Sometimes I've made the mistake of bringing a company to the Umbrella just because it was the best thing I saw at a certain festival. A worse mistake has been to bring over a dance to London when I've only seen the video. And often I've

trusted an artist, mistakenly, when I haven't seen the new work he or she is bringing or making. Almost all of the mistakes are mine, because I'm the one who does most of the travelling to look for work."

Recently Bourne was made an OBE. I asked about the choreography for the presentation ceremony.

"It was quite interesting, yes, but you didn't have much chance to make a mistake. This man kept pushing me in the back, and saying: 'Three steps forward. Turn. Two steps forward.'"

Ninette de Valois, founder of the Royal Ballet, has always said "It takes more than one to make a ballet company." Bourne stresses that the OBE was given to her as a way of acknowledging the area of dance she has served.

"I honestly think I was awarded it because I've survived, and because this kind of dance has taken root, and because I was a woman. Mainly because of the field, though. People thought that this kind of dance would just go away, and it hasn't. It exists and it's flourishing."

A bloody battle that leaves few traces

IN HIS article on page 1, A.C. Grayling strives to draw our attention to a dastardly attack on the holy citadel of science by the evil forces of religion. But it is an interesting exercise to swap "religion" for "science" throughout his article and see how much sense it might make. I read it with great interest, having just returned from a library where I had been searching for a book in a section listed as "religion and science" and containing several hundred titles. There was no blood dripping from the shelves. Most of them are thoughtful and reflective dialogues between highly intelligent scholars, philosophers, scientists and theologians. Of Grayling's bloody battle, there is little trace.

What is going on? I am not so concerned about the present state of play between scientists and theologians or philosophers. I am intrigued to know what is going on when such passion erupts suddenly to paint a picture of heightened drama worthy of Goya himself.

Some years ago, Liam Hudson suggested in *Contrary Imaginations*

that the human imagination can be divided broadly into two distinct types, convergent and divergent. Convergers tend to see things in black and white. They are either/or people and believe there is One Right Answer. They get things done, looking neither to right nor left. They analyse, sort and list.

Divergers tend to be lateral thinkers. They make connections, thrive on metaphor, are tolerant of ambiguity and tend to see things in shades of grey. They invent but cannot finish the washing-up.

Fundamentalism is convergence driven by passion. It is a highly effective weapon, as Mrs Thatcher and the Ayatollah Khomeini both demonstrated so ably. Driven by passion, it trips over into fanaticism and becomes an ideology. Soon, the ideological map becomes more important than the actual terrain. Reality is distorted or simplified by theory.

Mercator's Projection flattens out a three-dimensional globe on to a two-dimensional page and then, at the top and the bottom of the old atlas, the Arctic and Antarctic were rent asunder. What is the passion

which drives the ideological cartographer of human knowledge, the human mind? Marxism, monetarism, religious fundamentalism (Islam or Christian) and scientism all are driven by passions which can be just as destructive as Grayling suggests.

Hugh Dickinson, the Dean of Salisbury, says that science cuts itself off from the more profound questions that religion, at its best, seeks to address

Religious fanaticism has done some dreadful things. Worshipers of the absolute tend to adopt absolutist positions towards their opponent (yes, there are always enemies) and favour absolute solutions, including burning heretics and anathematising unwelcome truths. I can only occur with Grayling's detestation of such attitudes and actions. But distortion or over-simplification seems to be creeping in when he proceeds to dump all the values created and

fostered, at least in Europe, by the Christian faith into the same cesspit with the ayatollahs.

He accepts that science has not always been the friend of our race. But that, he claims, is not the fault of scientists, but of the baser race of politicians and merchants who

think there is no such thing as religion or science. Science is what scientists hold provisionally to be true as a community; it is what they write and the disciplines of their art. It can go grotesquely astray - witness the sorry history of plate tectonics between 1900 and 1960.

But scientists, like theologians, are men and women, many of them deeply religious and finding deep religious significance in their scientific work.

Professor John Polkinghorne is not a solitary swallow but, if the bookshelf is any evidence of recent trends, one of an increasing flock of highly intelligent men and women who migrate easily across two hemispheres which make a single globe. They resist its polarisation into hostile camps.

Fundamentalism is, essentially, paranoid. It thrives on the fear that there are Enemies Out There bent on destroying the Holy of Holies. In the heyday of its imperial glory, Islam was far more tolerant than its beleaguered people can bear to be today. It seems strange that some scientists should be feeling like that, too.

I have acknowledged the shameful pages of Christian history but, for all that, I cannot abandon the moral and spiritual profundities of this faith which address the motivations of the human heart in a way that science never can. If scientific knowledge has been misused to poison the ecosphere and massacre large chunks of the human race, is the remedy more likely to be found with Francis or Schweitzer, with Bishop Tutin and Martin Luther King, with Gandhi and Jesus - or with the Cavendish Laboratory or MIT?

In its aggressively materialist mode, science cuts itself off from what Polanyi urged so eloquently upon it: the acceptance and valuing of personal, moral and spiritual knowledge as essential parts of our humanity. I am deeply grateful for my microwave oven and for penicillin, without which I would not be alive; but even if Stephen Hawking, the Cambridge physicist, comes up with a Big Toe (Theory of Everything), it would not answer those more profound questions about the *Mysterium Tremendum* which religion, at its best, seeks to address.

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